MR. MENDIOLA: I'm talking about outside of Davis-Besse. I'm talking about First Energy, down toward the plant.

MR. PEARCE: Well, you did say First Energy, what we said was FENOC. And the root cause says, FENOC nuclear safety values, behaviors and expectations, which I believe is exactly what you're asking, right, about where the right values, and this is --

MR. MENDIOLA: No, I'm a little more global, to tell you the truth. Obviously, you've assured yourself that Beaver Valley and Perry Quality Assurance Organizations are functioning at the level that they need to, and you're using them to go bolster and augment Davis-Besse.

And, my question is, what oversight previous to this entire occurrence was out there to, say hey, look, these two plants are operating at a high level and this one is not?

MR. PEARCE: We have the Nuclear Review Board, looks at that, and has some input there. The Joint Utility Management Assessment called JUMA, which is a utility group that goes, looks at the assessment function; does that very thing. We did self-assessments at all the sites. And I guess there was no higher level of management viewed on quality assurance

by itself and how it might be different between the three sites.

But, it was, it was something that we were missing. That's why, I think maybe we intuitively knew that, even before this root cause was done. That's for instance why we, we put me in my job, and made a corporate function to provide that oversight for all the plants.

Maybe I missed the question. Did I miss it?

MR. MYERS: I think one of the things that we're seeing from the corporate standpoint is this whole corporate organization, FENOC did not exist with the oversight, and Gary Leidich; he was strictly involved by himself. We have some additional items, our common processes and those kind of qualities, to look at the standards and oversights.

A couple of things that went through the mind as we went through this, I know, that at our other sites, we used INPO for instance very effectively. And we particularly have a need both ways and really try to use the industry.

Also know that our Davis-Besse was an outliner, and did not really enjoy dealing with the Institute of Nuclear Power. They would openly tell me that.

I also know that, Bill brought up the issue recently in his presentation about a tag and safety training. We lived through a very significant experience at our Beaver

Valley Plant. As difficult as that was, you would think that we would just really internalize that over at FENOC and have new standards at tag and safety trainings at each one of our plants. Well, guess what? It didn't happen. But I'll tell you what, it's happening now. And Bill is running through safety training; I am too.

After we went through the significant emotion of being at the Beaver Valley Plant and as much as we discussed, it didn't seem to take. That gets back to the complacency issue, you know, everything we did is okay. We don't make any changes. That's, that's a major change in the way we're doing business.

I think our oversight, Corporate Oversight Group we have now, puts us in good standard between Gary and myself, and Bill, to make sure we drive that, learn from each organization and drive those standards through each and every site. So, we know that's what happened before.

So, that's the way I'll answer that question. Was there something amiss? Yes, there was.

MR. MENDIOLA: You answered the question. Clearly, I was after whether there had been some institutionalizing the approach across the plants, since you obviously have had two good performers and one needed performance enhancement. So, I was just trying to ascertain whether there had been a corporate level

understanding of this, and reaction.

MR. MYERS: Thank you.

MR. PEARCE: If there is no more questions, our next speaker is Bob Schrauder, who would discuss the Head Resolution Plan.

MR. GROBE: Lew, excuse me, before we go on, I would like to go for about another 15 minutes, and then take another break. Perhaps take another break, and then move into the public comment part. So, if there is something -- you would just like to continue on, that's fine, but if there is some specific portion you would rather have.

MR. MYERS: I think the Reactor Head Plan is the major, major accomplishment since the last meeting. Let's do that and see if we can get through the containment very promptly. I think both of those things we should know about.

With that, Bob Schrauder.

MR. SCHRAUDER: Okay, thank you, Bill and Lew.

As Lew indicated, we are pleased with the progress that's being made on the new replacement head. And I have the senior management oversight for that, but I feel it's only right to put the credit where the credit is due.

The success of the project we've had so far relies

heavily to our partners back in Grand Stone. In particular to our project managers on the site; Dave Baker, Steve Fox, Rich Chesko, Mark Wymer, Theo Swim provided oversight to this project.

It's really taken a step forward and met the challenge. We are on schedule. The bottom line, we continue towards moving towards completion of this project to support a safe, reliable return this year.

Up at Midland, the activities up there, our head arrived, I believe it was, two days after our last meeting. It was a two-day trip for the head to come down from Midland, Michigan. And that trip really provided some interesting sightseeing, I think, for some people along the route to see that reactor vessel head on a 180-foot long truck coming down the highway, it was interesting to say the least.

In fact, one of the radio stations I was listening to had a "Follow the reactor head" play-by-play throughout the day. Got a lot of attention on the way down.

But the bottom line, we got it on site, and it was a major milestone for us. It was something that we could visibly celebrate at the site, which we did. We took time out, served lunch for the entire organization at the whole site, so they could see, have an opportunity to see that the head had arrived and kind of get that sense that we are

making progress toward returning this plant to safe and reliable operation.

So, it was a big momentous occasion for us to get that reactor vessel head on site.

With that, all of our activities at Midland are complete. We have closed up that containment. We've exited the site and I think we left it in better shape than when we got there.

Framatone has completed for us a composite co-data package, code reconciliation package and our design reconciliation package. Those have been submitted to FENOC for NRC approval.

And as your slide indicated earlier, we have provided all of the information we believe is necessary to the NRC, so they can complete their reviews as this new reactor vessel head will meet all the necessary requirements for its use.

Just real quickly, give you some pictures. That's the head being loaded at Midland. The next one is the head as it arrives at the Davis-Besse site.

And, particularly the Davis-Besse site, let's talk about progress there. Our reactor vessel head in the containment has been prepared for removal from the containment. The service structure preparations have been complete. All the modifications have been made to that.

The temporary openings that were made in the service structure have been restored and all that's left to be done on that, we're going to put a new coat of paint on it and we'll be ready to service our new reactor head.

As Clark indicated earlier, our shield building opening has been complete and that was a marvel in itself to watch the hydrodemolition of that, using high pressure water to wash the concrete off. And it was a technical operation by way of what the vendor had shown us and what was demonstrated; very reliable source of getting the containment open.

And that's where we sit with that. We're about ready to cut the actual containment pressure vessel. We are resolving some final conflicts with the NRC on the desire to get a couple more samples out of the existing reactor vessel head. We believe that we achieved resolution on that today. And formal approval, we're still waiting on that. So, we're moving forward very quickly.

That's the reactor vessel head as currently inside our containment ready to be taken out of its containment. Here's the target area we had to open the containment. We had to protect our startup transformer, which sits right outside of that area. We did that very effectively. I believe we had no impact on that startup transformer.

Next slide shows preparation for the opening. We

had to erect a large platform there. Had to put a vacuum plate on the containment.

Next slide. To make sure we didn't get water inside the annulus while we were putting 20,000 pounds of pressure on the outside of the containment.

This is a really good shot of washing the concrete right off of the rebar. Not damaging or impacting the rebar at all. Exposed one layer of rebar at a time and cut that rebar out, tag it, and it will go right back in place where it came from once we have the reactor vessel head swapped out of there.

Finally, that's what the hole in the containment looks like. The vacuum plate is obviously still on there, all the rebar is gone, all the concrete is gone. And that took us about six or seven days, I believe, to complete that activity. So, again, very pleased with the activity we have here.

The last shot that I have is our preparations for the actual setting of the steel pressure vessel and the rewelding of it. This is a mockup we had of the training of people in the cutting activities, welding activities, as we prepare to restore the containment to its design intent.

That's where the head replacement has come to.

MR. MYERS: Let's move on to

containment if it's okay. Randy.

MR. FAST: I understand, five minutes or less.

Well, I'm pleased to meet with you today to update us on progress we're making on containment health. And the first item I want to talk about is containment air coolers. We have three containment air coolers. We're doing complete refurbishment of those.

By way of a personal note, I'm kind of a car nut. This is like body off restoration. We've got all of the cooling coils completely removed, drop out registers are being removed and the complete plenum is being replaced. So, this is a significant level of effort.

We'll be replacing two of the motors on the fans, and one refurbished. This is going to be a complete refurbishment.

Got a picture of some of the workers. This has really been as well good teamwork, and exercising good safety practices, really meeting the challenges. And samples we have here of the photographs of the crew actually removing each one of the containment air coolers, have twelve cooling coils, a total of 36. There is one of them that's getting removed there.

Another item that we talked about the last time we met, were the Containment Under Vessel; the vessel

examinations that we need to do. And as we had a significant degradation of the reactor pressure vessel head, we additionally had performed under vessel inspections using a crawlup, but there was some areas that were inaccessible.

Subsequently, we've put in a modification that allowed us to put the incore instruments up in the vessel. We've drained down. We're at 8 inches in the vessel, with the index fixture in place.

We've removed the seal plates.

We have removed the insulation of 15 restricted uses. That's first time revolution. And subsequently, we're able to use the refueling machine with a camera to fully identify the areas on top of the hot leg and cold leg nozzles as well as the core flood tank nozzles.

Those inspections have been videographed. I believe Mel you've had an opportunity to look at some of those. Bottom line is we don't see significant degradation. It seems to support our conclusion that we've had some washdown of the vessel. So, those are, I'll say it, a good news story.

Additionally, as Mel had talked about, the inspections; we did complete the training of our new group of inspectors, very experienced inspectors, using a new procedure for training.

We have deployed those individuals and right now are 60 percent or so complete with the reinspections, very detailed inspections.

And some of the things we talked about last time, or some things we see different than what we saw before. If we go back, the original thrust was boric acid program, really looking at degradation mechanisms. This is a complete containment health program, and we've seen a significant amount of detail in the inspections performed.

Most notably, if you look at what is the difference, we excluded a group of valves, the root isolation valves on instrumentation systems. The original inspections had that transition point and were not picked up through the new inspection programs. Those were identified and we do have minor leaking. So, those are in the population of areas to be corrected. But overall, aside from the fact we have very good detail on the inspections, we did not find anything significant that was missed on the first time.

Next slide please. This is the decay heat valve pit. Although this does not really represent a technical issue or technical specification requirement issue, this is a low standards issue. Systematically coming out of a refueling outage, we have sealed this decay heat valve pit used in red RTV.

That's what you see on the floor here. That does

not meet our expectations. And we have a team of folks that are looking at several options that will really improve this.

Bottom line is, there is two valves, decaying heat valves that need to be maintained in an operable condition during a large break LOCA accident in a flooded condition and we're looking at options that are going to permanently seal that valve head to improve our standards.

Okay. The next Containment Pressure Vessel, we talked about this at the last public meeting. We had a couple of items that came up. One is the MIC. And we have done an evaluation analysis, and do not have MIC. So, that's a good thing as well.

Corrosion. We learned some things from some experts in the caustic conditions that exist with seal adjacent to concrete is an environment where the pH is 12.6 plus, very caustic environment that will not allow corrosion to exist. So, the areas that we were concerned about where metal is coming in direct contact with concrete, it would be very difficult to assess, based on the pH would not have corrosion.

Additionally, we have expanded the scope to include equipment qualifications, things like motor operating valves and other equipment default issues and those walkdowns are in progress as well. We expect to complete

our walkdowns this week.

The next picture is, this is an area, look at the very bottom of the picture, is our Containment Emergency Sump. And this is an industry focus. It's, the Nuclear Regulatory Commission is working advising the industry about standards. This is an area of focus for us and we are clearly dedicated to improving margin there. So, we have a team of folks that are looking at several options but we believe that you can gain pretty significant margin by improving the containment sump area.

Containment coatings. We've got about 40,000 square feet of dome. The dome has coatings that are peeling. And we're in the progress of, we've got a company, Canon Sline, partnership with them, 60 or so painters.

Scaffolding is now suspended in the overhead. You can see the pictures. It's really a remarkable achievement, because our polar crane is not in service. So, we suspended the platforms up into the top of the containment and we have painters removing the top coat using needle guns. That's a very time exhaustive process, but it will yield good results in removing that top coat and going back with carbon units, qualified for the life of the plant.

Here's another example where the scaffold is actually underneath what's called the bull ring, which is

the support mechanism for the polar ring.

Some additional pictures. We did decontaminate from the 653 foot elevation. On the 603, all of the exterior walls of containment, that's really a brightened containment. Made it visually much more appealing. We got some additional work to do there on the concrete walls and things, in the B rooms.

I think that concludes our pictures. So, you see, we have a significant amount of activity inside of containment. At any one time, you'll see well over a hundred workers engaged in containment activities. So, we feel good about the progress we're making in improving the conditions in our containment.

Any questions?

MR. MYERS: Did you get on the scaffold, Randy?

MR. FAST: I didn't get on that scaffold. I would like to.

Just a side note. I think there is an interesting perspective with the Restart Oversight Panel. We have twelve individuals that took a fairly comprehensive tour of the containment yesterday. And so that our Restart Oversight Panel would have a good appreciation for, what are the conditions in the containment and what work do we have going on.

So, I did get valuable feedback from those folks and they have an appreciation for the work going on, but that's an example of dedication that our Restart Oversight Panel has in really understanding the problems that we face, as well as adding value in our input to the Containment Health Plan.

MR. MYERS: Okay.

MR. GROBE: Lew?

MR. MYERS: We're ready to go.

MR. GROBE: Yes.

MR. MYERS: I listen to every thing we say and take notes. I said the other day, that we are, myself personally, technically embarrassed about the reactor vessel head issue, and our complacency on the missed opportunities. I'll say that again. We're just technically embarrassed there. We were complacent.

Today, as was indicated, that often though, the cutting edge for improvement for the plants is coming out of trouble. This is 350 process. That's where we're at.

As John Kennedy once said, "Great crisis produce great people and great deeds of courage." We have confidence in our people. The plant is their livelihood and they stress that at meetings. They are well educated, technically sound, hard working and proud members of this

community.

We will continue to be committed to comprehensive approach here, to ensure that the Davis-Besse Plant's restart, and is ready for safe and reliable operations and sustainable performance in the future.

That's all I have to say. Thank you.

MR. GROBE: Any other questions from the panel? Okay. Okay, very good.

Before we adjourn the business portion of this meeting, I want to invite Jon Johnson to give us his observations on this.

MR. JOHNSON: I just want to say a few things. I was glad to get the opportunity to get out of Washington and visit the plant today. I wanted to come out and see what our team, the NRC team, is doing here. I guess they've had several meetings, but I guess what I would like to say is they're just getting started.

I asked, do we have an inspection schedule? The answer is no. We're planning a lot of inspections.

I asked if you have a schedule that they can believe in? The answer is no. You have a schedule that you produce, and you know, I get questions when are you going to do things, when are inspection teams going to do things, but we need to know when you're going to do things, because we're going to need to borrow inspectors from other

facilities or other regions and get some help. So, we're going to need to plan. So, I think one thing that would be helpful is if you had a schedule that we could count on.

The other thing I would like to say is that you've got a lot of work to do. And I don't think you probably need me to tell you that. You already know that. But I did get a chance to talk to some of your employees today, and I did get to tour the plant, so I'll tell Mr. Pearce the reason I know you've got a lot of work is because I saw it.

MR. PEARCE: Good, we're glad you saw it.

MR. JOHNSON: You can give me one of your a little cards.

So, what I think you've got to do is you've got to get the trust back of your employees. I asked them, you know, we talk about appraisals and you appraise managers and appraise employees, but you know, how often do the employees get to appraise the managers. Not that often.

And, I asked them, you know, what they thought of the management team, the management team is going to get them out of this problem here. And, guess what they said?

What do you think they said, Mr. Myers?

MR. MYERS: I think they

believe we will get them out of the problem.

MR. JOHNSON: They said, actions speak louder than words.

MR. MYERS: I believe that.

MR. JOHNSON: That was a pretty good saying. I think, like you said at the end, that you have some skilled staff, very skilled staff, and I think they have the will to do the work. And I think what we need to do is provide them the access to be able to do that.

You've got to provide them the expectations and the values of -- your slide here, I guess Mr. Pearce said, FENOC nuclear safety values and behaviors and expectations were inadequate. So, I guess my question is what are your values? I couldn't tell. I couldn't tell from visiting the plant today.

MR. MYERS: No, our values are safety, communication, teamwork, customer focus. You know, that's the FENOC values.

MR. JOHNSON: I think probably what would help maybe is if you just continue to communicate that to the staff, and to everyone else.

I think one of the things we've been criticized for, we're getting criticized for not being able to do this oversight. We need somebody else other than the NRC.

I'm confident in our staff. We've got a lot of dedicated and experienced people on this team here. Christine has been a Senior Resident Inspector. We've got all kinds of engineering and inspection and licensing experience on our Oversight Panel as well as our inspectors. So, I think the NRC is confident in our staff to oversee this.

One of the things I had a question about your oversight team; you mentioned Mr. Karns provided you some recommendations to go benchmarking. You had indicated you had gone to benchmark some other facilities to get some ideas from them. I didn't hear where you went to. Could you let me know where you went?

MR. MYERS: We've been to Byron, we've been to Salem, Cook. Cook a lot. Those three in particular.

MR. JOHNSON: Do you know if any of the operators got a chance to visit these sites?

MR. MYERS: Yes.

MR. JOHNSON: That to me, I think, will go a long way for you to provide opportunities for the operators to get out and see other places too.

One thing I wanted to ask about was the use of risk. I didn't hear anybody talk about your PRA, use of your PRA or safety significance, or types of walkdowns

you're doing. Maybe Mr. Powers can discuss that.

MR. POWERS: Sure.

MR. JOHNSON: Are you focusing on systems that are important to safety?

MR. POWERS: Absolutely. The criteria for selection of population systems was Maintenance Rule Risk Significant Systems. That population was 31 Systems Health Readiness Review. The latent issues review or some of the key systems we feel are on that risk significant, for example, Aux. Feedwater System and Emergency Diesel Generator, but the Reactor Coolant System was involved in the head degradation issue and service water and component cooling water, which are not only, they're risk significant, but they're also areas where there are problems, plus tend to manifest themselves there. So, we can think that population of deep slice latent issues were used and give us a good health check.

MR. MYERS: In other words, we didn't take primary watch.

MR. JOHNSON: When I was in the control room, I noticed there is a lot of green stickers all over the panels. And I guess my question is, are you going to have any green stickers when you restart the plant in the control room?

MR. FAST: Our plant includes

completing all of the control room activities and all of the deficiencies.

MR. JOHNSON: I guess that's something in terms of operator workarounds or the problems with instrumentation, things that don't work right and automatic. Whatever the case is, I think that will go a long way to demonstrating to the people that you have operating the plant that you intend to focus on safety and the plant equipment.

When they say actions speak louder than words, I think those type of things will send a strong message.

MR. FAST: We absolutely agree.

MR. MYERS: We have control board instrumentation, we have operator workarounds and we have temporary mods on our list.

MR. PRICE: Those are all currently part of the restart matrix that we have, not ones that I presented today, but those are in our report.

MR. JOHNSON: I appreciate the opportunity to tour. And I guess the last thing I'll end with is, I know I got asked by one of the news media here if they could visit the plant. I know in this day and age of security increases, I think the increased concern for certain types of visitors in the plant is a little

strengthened in background checks, but I know that you would provide opportunities for local officials or elected officials to visit the plant, and I guess maybe I would just like to hear what you have to say about that in terms of bringing in some of the people that live in the area to show them what you're doing.

MR. MYERS: We would be more than happy to do that. You know, it's hard, at our other plants, we've actually taken tour groups inside the protected area before and done that here. Can't do that now after September 11. On a case by case basis, you know, we more than welcome the press or some outside people to come in and look at our plant.

In fact, we've got on Restart Oversight Panel, we've got Jere Witt is a commissioner, or business manager for the county, so that would not be a problem.

MR. JOHNSON: I think that also goes a long way to generate trust and confidence in the local people that live around the area.

MR. FAST: Jere was on our tour of containment.

MR. MYERS: Jere was on our tour of containment. We had him in the containment.

MR. JOHNSON: Okay, thank you very much.

MR. MYERS: Thank you for your kind comments and coming today.

MR. GROBE: Thank you. Jon.

At this time I would like to adjourn the business portion of the meeting and take a five minute break. We'll reconfigure the stage a bit and take public comments and questions.

So, thank you very much. Be back at 5:15.

(Off the record.)

MR. GROBE: Okay, thank you very much. Appreciate those of you that had the staying power to get through the meeting, and those are very formative meetings for us. I hope you found them informative also.

What I would like to do is ask if there is anyone here, this is the first meeting that they've come to regarding Davis-Besse. Just raise your hand. Do we have any newcomers. Excellent. Oh, Jon. Very good, very good.

What I'm going to do in this segment is to give a little background information, respective to Davis-Besse, and Doug will. And then what I'm going to do is open it up to first questions from representatives of local officials, and then from local community here around the Davis-Besse Facility, and if there is other members, concerned members

of the public, we'll entertain questions from them.

Our primary focus, we're interested in any questions or comments regarding the meeting or regarding Davis-Besse or any other topic in our area for you that you're interested in talking about.

MR. SIMPKINS: Well, what you see up here, was actually taken off the NRC Website. If you would like to go to that, it's www.nrc.gov. They actually have an isolated viewing area. We took a slide from that and put it up here for those of you aren't familiar with how major power plants work.

Starting off with inside of what we call the containment structure, we have the place where there is actually the nuclear reaction going on. The nuclear reaction is just used to generate heat energy to make the water inside the primary system hot. That water then circulates in a continuous loop.

Once it goes into the steam generator, it doesn't mix with the other water, but instead it transfers heat energy like a radiator in a car transfers the heat out and it turns to water inside the steam generator to steam, which then comes out the top, goes through a series of pipes, and then goes through a turbine.

The turbine spins at a high rate of speed, which turns a generator. That generator then makes electricity.

The water continues down into a condenser, which is then circulated back into the system generator.

Off to the side, which you can't see here, the water from the cooling tower, which everybody assumes is the containment vessel. The cooling tower is the 493 foot structure on the site; comes into the condenser, condenses the steam back into water and goes back out to the cooling tower.

Next slide.

On top of the reactor itself; is the head unit. It's like if you have a pressure cooker, you have a sealed unit on top. The water inside the primary system is pressurized to keep it from turning to steam. And it's held, the pressure is held in by this head structure.

Coming down through the top of the head are the control rod drive mechanisms. Those are used to regulate how much energy is produced in nuclear reaction. Through the head structure, the control rod drive mechanisms go through a nozzle. And those nozzles are what the problem started as.

Next slide.

These nozzles penetrate the reactor head, which is about a 6-inch structure; and it's sealed at the bottom with what's called a J-groove weld. This J-groove weld creates stresses in the nozzle, and as a result of

allowing the water to penetrate up through and come through the top of the reactor head area.

The water inside the primary system has boric acid in it, which is very, very similar to Borax, like you buy in a store. That's sodium borate, but they use pure boric acid here.

Next slide.

This is actually a picture taken on top of the reactor head. And the deposits that you see coming out of these what we call mouse holes or weep holes here are actually boric acid that leaked up past the control drive nozzles and are now on the head. They're kind of reddish color, because they actually contain iron oxide.

Next slide.

This is an artist's rendition of the damage to the top of the head. As you can see, the nozzle area had water leak past it and create a cavity because the boric acid dissolved away the metal. The last remaining barrier was indeed the approximately 8th inch seal liner on the bottom side. That was not wasted away, because it was stainless steel, rather than carbon steel like the rest of the head.

Okay.

MR. GROBE: Okay, thanks Doug.

At this time, I would like any local public

officials or representatives of the office to approach the microphone, if you have any questions or comments you want to make. Okay.

Members of the community here in Oak Harbor; are there any members of the community that have any question?

I didn't mention to put your name on the page, but Howard has done that before.

MR. WHITCOMB: Good afternoon. My name is Howard Whitcomb. I have a couple of questions.

First, is regarding, I believe it's Slide 37, on page 19 of the First Energy handout. There was a lot of discussion regarding the I think obvious indicators on that particular chart.

The first questions that pops out in my mind are based on the expansive discussion regarding changes that have occurred in employee culture and that sort of thing at the site. At least that's what has been reported.

I guess my first question is, of that number of condition reports that were, I guess it's somewhere almost 800 to-date; how many of those are by supervisors and how many of those are by employees in the field; how many are by office maintenance, health physics, quality assurance and engineering; how many are by contractors versus on-site personnel?

I think that a breakdown of that type of figure

might indicate whether these problems are just now coming out of the woodwork from little books that people have been carrying around for some period of time. I think we're being led to believe that there is a more open environment for bringing conditions or adverse conditions to light.

It would seem to me that if there is a breakdown in those number of condition reports, it might provide some insight. Have you asked that or has anyone from your staff asked that?

MR. GROBE: I don't have that on my fingertips. That's data that's normally maintained and I haven't reviewed it recently, but I'm certain First Energy has that data. I believe that they would be glad to share that with you.

Is that something that you folks do? Not today at the meeting, but I'm sure you'll be glad to get that to you Howard.

MR. WHITCOMB: All right. The second issue is for you, or your staff, Jack. And, I understand that there is a caveat that you just recently received the Root Cause Analysis Report from the Licensee. But I guess the first question that comes to mind, I think, Mr. Johnson kind of touched on it briefly; regarding, I'll pick on Mr. Pearce's root cause that he identified. I guess slide 45, page 23. He identifies that "nuclear

safety values, behavior and expectations were inadequate through oversight."

The question is this; does the NRC believe that First Energy has gone far enough in their root cause determination? In other words, it seems to me that part of the exercise of root cause evaluations and analysis is to keep asking the question why. We all did that at a very tender age and we always ask our parents why. Okay. As we get older we become wiser and we become more self-confident and we think we have the answer, but we don't ask the question why.

But just in what was stated on slide 45, it appears to me that you could ask the question why. And I don't think the answer comes out. So, I'm not so sure that they've gone as far as they need to go. Is the NRC satisfied that they have?

MR. GROBE: We had a several hour meeting last Thursday, and at that time we received a copy of the Root Cause Analysis. There is many different ways to do these types of analysis. I think we chose one that's more management of oversight risk. And it is a very structured approach to asking that exact question, ask why. And it goes through a structured approach of looking at systems and structures within the organization that assure effectiveness, from defining policies to

communications, procedures and all sorts of different things.

We have not had an opportunity to review that report in detail. That's part of our inspection area of Management Human Performance, is going to be. The first part is going to be a thorough review of that Root Cause Report.

MR. WHITCOMB: The third observation that I would like to make is that several pieces of equipment this afternoon, in addition to the reactor head degradation, such as, if I can remember, diesel generator, one of the damper arm levers was bound up or loose or something of that nature, and the other was the missle shield on the muffler.

Those types of issues suggest that either people are not, are actually not walking the systems down or paying attention to the system, or understanding that those conditions exist or ignoring them anyway.

In addition to that, we've heard several times this afternoon that there have been some problems with classifying the equipment in certain categories. In other words, the Maintenance Rule 6055, I think is the number, but I don't remember exactly, but the Maintenance Rule Laws that came out in the requirements clearly required Licensees to make those component determinations.

Does the NRC have plans to evaluate the effectiveness and adequacy of the Maintenance Rule implementation at Davis-Besse?

MR. GROBE: To comment, your first observation I think is correct, that either the equipment, for example, you highlighted the damper, actually the arm that was loose, and missle shield or the tornado shield rather on the vent for exhaust generator. I believe you're correct that either those weren't looked at correctly or they weren't looked at previously. And I'm thinking the systems discussion First Energy presented today, they're going to have a structured, clearly defined expectation for system walkdowns, regular system walkdowns, that would be part of their System Health Program. I believe that already exists in oversights. For whatever reason, did not exist here.

The second comment, I think if I understood your comment correctly, you may have misunderstood, I believe what First Energy was talking about was a failure to properly classify condition reports. That in the, the Davis-Besse Plant has multiple levels of significance condition reports from, you know, the very lowest level, a lightbulb needs changed to the most significant, which is for a significant condition adverse to quality requiring cause.

In the past, they did not look in depth sufficiently at the issue to properly characterize within those hierarchical levels of significance, and consequently they may have underevaluated the significance of the issue and not properly corrected it.

So, it wasn't the classification of equipment, other than the contents of maintenance workers classification of condition reports within the significant scheme that they have in Corrective Action Program.

And your specific question, we do not have as part of the restart plan, an evaluation currently of the Maintenance Rule. That's not on the agenda. Okay, of course, it's part of our routine base inspection, but it's not a unique characteristic of restart.

MR. WHITCOMB: So, as a result of the report, the NRC is satisfied the equipment has been properly classified.

MR. GROBE: I believe that's correct.

MR. WHITCOMB: Thank you.

MR. GROBE: Okay, other members of the public, that have a question or comment.

MR. KEEGAN: My name is Michael Keegan. I'm from Monroe, Michigan, just north of here.

I believe that the NRC and the utility, First

Energy, are on a collusion course for disaster.

Just this week, I see posted by the NRC that they're considering looking to a third party. If there is need to penalize the utility, they would like for a third party arbitrator to establish what the penalty would be.

I see this just yesterday. They announced that they'll be holding a workshop with IMPO on essentially how to further deregulate the regulatory responsibility that the NRC has.

In April, I was one of 15 groups led by concerned scientists, which filed for Freedom of Information and requested that information. We have been stonewalled on that information. We have not gotten the information yet.

Today I learn that the 206 petition which we have filed asking for immediate independent review has been denied.

I have sat through an excruciating four-hour conference call, where Jim Dyer said never, never could this happen again. Never. Never. Never. Never. Wolf. Wolf. Wolf. Wolf. Like the boy who cried wolf.

Either you are the regulator or you are not the regulator, and your behaviors surely demonstrate that you are not the regulator and you are not going to stand up on the public's behalf and regulate. That's my comment.

I am concerned about this reactor vessel. I am

concerned about the issue of imbrittlement industry-wide. And I wonder what the level of imbrittlement at this reactor is, the potential for pressurized thermoshock at this reactor. This is clearly a damaged piece of goods. I wonder if you could speak to that.

MR. GROBE: There is a unique characteristic at Davis-Besse that makes it different than any other of the operating power plants in the United States with respect to pressurized nuclear shell.

MR. KEEGAN: Do you have NSI's of that, the building, the RV factors, the whatever?

MR. GROBE: I am not sure we are prepared to respond right now, but what we can do is get you in touch with the right people that can give you more information on pressurized thermoshock.

MR. KEEGAN: This has been, we've been stonewalled at the Palisades Plant as well, which has seen beryllium since 1981, and the NRC has rewritten five times the level of imbrittlement that they will tolerate. So, again, my faith in the NRC goes back over 20 years, and I don't have any.

MR. GROBE: So does mine.

MR. KEEGAN: Okay. On the excruciating call that I sat through, I learned there were 700 pieces of data and 120 interviews for a total of a

thousand hits of data, 126-page document, which served as the basis for the Root Cause Analysis.

I would like to know how I can get this in hand. And I don't want to hear file a Freedom of Information request, because clearly you stonewall everyone who does. And, I need to do my own root cause analysis, because I frankly don't have any faith in the NRC and I have less faith in the utility to come clean with what's going on.

So, how did I get that in hand?

MR. GROBE: It sounds like you had a fairly good telephone connection, you got a lot of detail out of the meeting last Thursday. During that meeting, Les indicated that they would be submitting it on the docket this week. It would be posted to our Website.

MR. KEEGAN: That's the Root Cause Analysis. Will all thousand bits of data on which to base the Root Cause Analysis be available?

MR. GROBE: No.

MR. KEEGAN: I want to review that.

MR. GROBE: It's not required to be submitted. When we do our inspections of the root cause report, we'll certainly be evaluating some of that. It's volumes and volumes of information available on site, but it's not available to the NRC in our office, and it's

not a public document.

MR. KEEGAN: But the NRC will be reviewing it on site?

MR. GROBE: Yes, just like we have on inspections.

MR. KEEGAN: I believe the public needs to have access to that as well.

MR. GROBE: I appreciate your point of view.

MR. KEEGAN: Well, I will push my point of view, and I want to get that data. So, I will pursue an evidence, be it legal, what have you to get that.

MR. GROBE: Okay. Do you have any other questions?

MR. KEEGAN: I had a thought, but it escape me at this time, but we're watching you very closely, and I'm sadly disappointed that you've turned down our request.

MR. GROBE: I think you made a number of statements in your preamble to your first question. Several of them are not correct. Your petition was not denied. What was issued this week was a proposed resolution to the petition, and it was requesting your feedback and comments on that proposed resolution.

So, this is part of the process of the intensive or .206 review process, and we would look forward to comments from any or all of the petitioners.

MR. KEEGAN: I stand corrected, and I will look at that document from you again, and will respond.

MR. GROBE: There is a number of other issues you raised. First of all, ultimate dispute resolution as a potential vehicle for addressing the issues.

Bill?

MR. DEAN: Your issue that you raised initially regarding a third party arbitrator relative to Davis-Besse. I think we were referring to, is that there has been plans for a meeting to discuss the potential of the use of what is called alternate dispute resolution.

The NRC has done some assessment of that and is looking to gather feedback on the potential of using that in certain situations. It's not something we're looking at in terms of resolving issues with Davis-Besse. This is just being looked at by the agency as a potential methodology for looking at certain types of issues.

MR. GROBE: Just another observation. I think-- I'm grateful that you are engaged

in this, because every process is better if it has full engagement, broad spectrum of views and opinions, and I'm glad you had the opportunity to listen into and participate in the meeting last Thursday.

We have gone to I believe unprecedented lengths to provide that access, and I hope you continue to take the opportunity to participate in the meetings either telephonically, or both telephonic connection, video conferencing links to Washington, as well as come to these meetings here. I am appreciative of your input.

MR. KEEGAN: Just came to me what my thought was that escaped me.

MR. GROBE: Good. Go ahead.

MR. KEEGAN: On the phone call of last week, I asked what's the NRC been doing to review all these walkdowns that the utility had intended to do. And, the response I got was that you would review the paperwork.

MR. GROBE: No, that's just not, absolutely not.

MR. KEEGAN: Well, that's the response I got on the phone.

MR. GROBE: Maybe the telephone connection wasn't as good as I thought.

There is a generic approach to all of this work that

we're going to do. And, Christine refers to many stars in the approach, but the first thing we're going to do is review the program or the plan that the Licensee has. That's a paperwork review.

Mel is sitting in the audience. He was the first inspector that had an opportunity to look at the plan, licensee was furthest ahead on the Containment Health Assurance Plan, and provided substantive feedback to Licensee on aspects of that plan that could be improved.

The next step is to review the Licensee's implementation of that plan. In the case of, for example, Systems Review. That includes observing the Licensee's staff in the field doing the work that they're doing, evaluating how they're evaluating issues that they come across.

The next step is for us to review how the Licensee characterizes its position issue that they have, and finally to perform inspections. And each of our inspections in each of these areas has components, and that's how we will build confidence in the adequacy of licensing activities and we will be communicating the results of those inspections on each of those meetings to the public as well as through our inspection groups.

MR. KEEGAN: I recall from previous meetings, you said that you inspected one to two

percent of the systems. Seems that we have a culture of production over safety that permeates First Energy. And I would encourage the NRC to review the entire plant, walk it down.

MR. GROBE: When we were referring to, I believe in that previous comment, had to do with our routine baseline program. I guarantee you that First Energy is taking lots of our attention.

MR. KEEGAN: As well deserved, as well as the NRC deserves public scrutinization.

Thank you.

MR. GROBE: Good, thank you.

Other members of the public that have a question or comment? You don't?

MR. WHITCOMB: I didn't see Mel hiding over here, so I have a question specifically for him.

You would, apparently you've done a recent inspection, and you identified two violations. I guess my question is, when did you begin your inspection and when did you conclude it?

MR. HOLMBERG: Okay. I heard the question on the way up. The question was, when did I begin the inspection of the Licensee efforts to do their Containment Standard Issue Reviews and when did it end.

The inspection began in June, and the total time that we spent on inspection was three full weeks reviewing Licensee activities, and we identified those two findings characterized as violations.

MR. WHITCOMB: And --

MR. HOLMBERG: It ended on July 25th.

MR. WHITCOMB: So, three weeks from June to July 25. Well, July 25th, most of July.

And you found two violations, one of them being a lack of acceptance criteria in violation of Appendix E Criterion 5, and there was inadequate training, apparently of VT-2 inspectors; is that correct? Were those the essence of the two violations?

MR. HOLMBERG: Yes.

MR. WHITCOMB: As a result of your findings, how much of the work that had been done during this outage has to be redone?

MR. HOLMBERG: They're reperforming their effort in its entirety.

MR. WHITCOMB: Okay. Do you have any idea how far along they are in the reperformance?

MR. HOLMBERG: Their current schedule, I think, this is just, I will probably have to confirm this, is late August.

MR. WHITCOMB: Thank you.

MR. GROBE: Let me provide a little more context to that.

The Licensee initiated a different approach to containment. First off, the initial evaluation was limited to boric acid impact on equipment in containment. And the training was focused on what's referred to as a VT-2 qualification. That's a qualification of the American Society of Mechanical Engineering standards for doing visual inspections of the metal, degradation of metal.

Mel did the inspection, found some difficulties with qualification, some problems with qualifications of people, as well as went out in the field and found further issues on equipment that had been inspected by the Licensee staff, that hadn't been disclosed through their inspections. So, Licensee went back to square one.

The foundation of the inspection was done. I think you indicated that there weren't any, I can't think of the right characterization, substantive issues disclosed, but additional issues that were beyond the scope of the original inspection.

Licensee brought in a number of new people to the site, trained them to a much, what's referred to as systems approach to training, much more comprehensive training standard. Both of those were acceptable to us, and is in

the course of reperforming those inspections, and we're continuing to inspect.

Just one other thing. Are the three weeks of, that Mel referred to, is what we call direct inspection effort. It's set over a period of multiple weeks; and in addition to that, there is quite a bit of time that he spends in the office reviewing documents. And those three weeks were the weeks that he was on site providing direct inspection of the Licensee's activities.

Did you have another question?

MR. WHITCOMB: Well, something you had mentioned to me, or mentioned to the public here. You say they brought in people. Are these contract people that are only here on a temporary basis; is that your understanding; or are these new people, permanent people?

MR. HOLMBERG: The new people that are performing the current effort are contractors, primarily. They've also brought their own staff on this new training program.

The contractors, I know their work histories, extensive backgrounds specifically in examination techniques, many years of experience doing related type of work, such as inspections. And, I hope that answers your question. They're primarily contractors that are doing the inspections.

MR. WHITCOMB: Well, I guess I'm more concerned after the contractors leave, than I am about their current qualifications. I'm sure they brought in experts to do these inspections. I guess once they leave, what's left to do further inspections in the future?

MR. HOLMBERG: I'm not sure. I'll turn it over to Jack. He's heard about future plans.

MR. GROBE: I think that's one of the primary focuses of the meeting today, was to understand in greater detail the initiatives Licensee is taking to address the root cause, which they characterize as a lack of safety focus, putting production over safety.

So, they lay out insights they have, their plans on reestablishing that safety focus, standards of technical rigor and discipline in the way work is conducted. And then, how they're going to provide management oversight of that activity with field observations.

And then they have not gotten to us, but they're planning on developing some sort of matrix performance indicator package in this area that will provide insights. And they did provide some of the, two of the matrixes, I believe. One was Corrective Action Review Board, percentage of time they reject corrective action documents. And the other was Engine Review -- or Engineering Review Assurance Board, I think it was called,

and their evaluation of the quality of work product.

So, I think it's too soon to tell, but I anticipate over the next several meetings, next several months that you'll see it's coming into clearer focus. This is particularly the area that we'll be focusing on in our inspections.

MR. WHITCOMB: But I am correct in assuming that, my concern is the concern of the NRC as well, and you're expecting that they will have something in place before --

MR. GROBE: It's on our checklist, Howard.

MR. WHITCOMB: Okay, it's on your checklist. I didn't, I didn't see it on the checklist, Jack, but okay. Thank you.

MR. GROBE: Other members of the public that have questions or comments?

Okay. Very good. We're going to be back here at 7:00 this evening, and make an opportunity for feedback from folks that were here this afternoon, want to come back; or folks that were unable to be here this afternoon.

Thank you very much.

And please, take an opportunity to provide us feedback on our feedback forms. Postage paid. Just fill them out and send them back to us.

Thank you very much.

(Off the record.)

CERTIFICATE

I, Marie B. Fresch, Registered Merit Reporter and Notary Public in and for the State of Ohio, duly commissioned and qualified therein, do hereby certify that the foregoing is a true and correct transcript of the proceedings as taken by me and that I was present during all of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Norwalk, Ohio, on this 28th day of August, 2002.

Marie B. Fresch, RMR

NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 10-9-03.