PUBLIC MEETING
BETWEEN U.S. NUCLEAR REGULATORY COMMISSION O350 PANEL
AND FIRST ENERGY NUCLEAR OPERATING COMPANY
OAK HARBOR, OHIO

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Meeting held on Wednesday, November 13, 2002, at 2:00 p.m. at the Oak Harbor High School, Oak Harbor, Ohio, taken by me Marie B. Fresch, Registered Merit Reporter, and Notary Public in and for the State of Ohio.

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PANEL MEMBERS PRESENT:

U. S. NUCLEAR REGULATORY COMMISSION

Mr. John "Jack" Grobe,
Chairman, MC 0350 Panel
Anthony Mendiola,
Section Chief PDIII-2, NRR
Christine Lipa, Projects Branch Chief
Douglas Simpkins, NRC Resident Inspector
Christopher Scott Thomas,
Senior Resident Inspector
U.S. NRC Office - Davis-Besse
Jon Hopkins, Project Manager Davis-Besse
Sam Collins, Director of the Office
Of Nuclear Reactor Regulation
Marty Farber, System Health Inspector

FIRST ENERGY NUCLEAR OPERATING COMPANY

Lew Myers, FENOC Chief Operating Officer
Robert W. Schrauder,
Director - Support Services
J. Randel Fast, Plant Manager
James J. Powers, III
Director - Nuclear Engineering
Steven Loehlein,
Manager - Quality Assessment
Michael J. Stevens,
Director - Nuclear Maintenance
Mike J. Ross
Manager - Operations Effectiveness
John J. Grabnar,
Manager - Design Basis Engineering

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MS. LIPA: Good afternoon. I would like to extend a welcome to the public and to FirstEnergy for coming to this public meeting.

I'm Christine Lipa, and I'm a member of the NRC's Oversight Panel and I'm also Branch Chief in NRC's Region III Office; and I have overall responsibility for NRC's Inspection Program at Davis-Besse.

We'll go through the rest of the introductions in a few minutes. I want you to refer to our agenda that we have over on our left. The purpose of today's meeting is to discuss recent NRC oversight activities and FirstEnergy's progress on their Return to Service Plan.

This meeting is open to the public, and there will be opportunities before the end of the meeting for the public to ask questions of the NRC. This is considered a Category One meeting in accordance with NRC's policy on conducting our public meetings. And like I said, before the meeting is adjourned, we will make opportunities for questions.

We're also having this meeting transcribed to maintain a record of the meeting, and the transcription will be available on our web page. It's usually about 3 to 4 weeks after the public meeting.

In the foyer today, you probably received an agenda and some handouts. And, you will also see one of the

handouts is the November edition of our monthly newsletter. We've been doing that for three times in a row now. Also, there are meeting feedback forms that you can use to provide feedback to us on the format and the content of the meeting.

I would like to start off with introductions on the NRC panel here today. On the far left, we have Doug Simpkins, who is the Resident Inspector of the Davis-Besse Plant.

And, next to him we have Jon Hopkins. He is the Project Manager in Headquarters Office in NRR for Licensing Activities.

Next to Jon is Tony Mendiola. He's Supervisor at NRR for Licensing Activities of Davis-Besse.

Next to Tony is Sam Collins. Sam is the Director of the Office of Nuclear Reactor Regulation at Headquarters.

On my left is Jack Grobe, and he's the Senior Manager in the Region III Office, and he's also the Chairman of the Oversight Panel.

To my right is Scott Thomas. And Scott is the Senior Resident Inspector at the Davis-Besse facility.

And, next to Scott is Marty Farber. And Marty Farber was the lead for the System Health Inspection, one of the inspections that we recently completed at the facility.

Also, from the NRC in the audience we have Viktoria Mitlyng. She's our Public Affairs Officer. There is Viktoria.

And, we have Jay Collins. He is General Engineer on rotation at the Davis-Besse facility and he's offering the slides for us today.

We've also got Nancy Keller, who is out in the foyer greeting everyone with the handouts, and she's the Office Assistant for the Davis-Besse Inspector Office.

And also Rolland Lickus. Who is our state liaison from Region III.

And the transcriber is Marie Fresch from Norwalk, Ohio.

Okay. Before I turn it over to the FirstEnergy folks, I wanted to see if there are any representatives or public officials in the room. I know I saw Jere Witt. Do you want to stand up and introduce yourselves.

MR. WITT: Jere Witt, County Administrator.

MS. LIPA: Jere.

MR. ARNDT: Steve Arndt, County Commissioner.

MR. KOEBEL: Carl Koebel, County Commissioner.

MS. LIPA: Okay. Thanks.

And, if you would like to introduce your staff, Lew.

MR. MYERS: Yes, thank you.

We have some people in the audience. Bob Saunders, the President of FENOC. Also, Gary Leidich, our Executive VP is here. Bill Pearce is also in the audience, Vice President of Quality.

There is, our first slide, there has been some change. Remember when we first started on the public meetings, we talked about the senior management changes that were made at Davis-Besse, and also at FENOC. This first slide up here, I want to talk a little bit today.

We have a new position with Fred Glese. He's not with us today I don't think, but Fred is the Manager of Human Resources. And he's very much involved with, in our Leadership in Action Programs, the Management Programs that we use to develop our supervisors' management skills across our site. So, that position has been added.

Additionally -- next slide. And, Fred also reports to Debbie Sergi, our new Manager in FirstEnergy that I didn't show, that's called Talent Resource Manager. And that's a new position at FirstEnergy. We think it's very important.

Also some other people that I show on the next slide is, we have, I talked about Fred Glese.

Steve Loehlein is with us today. Steve is at the end of the table, will be presenting. You know Steve Loehlein, you know already from the Root Cause Investigation, and Technical Investigation. He did such a good job, we decided to make him Quality Manager. So, he's now part of our team.

And Randy, who is in the ~~office~~ audience. We brought Randy in to focus on Safety Conscious Work Environment. We talked some about Safety Conscious Work Environment at our other meetings. We know that's very important, so we have Randy to really focus in on the Safety Focus Work Environment on our site.

Dave Gudger is here. And Dave is over from our Perry Plant. Has a Bachelor in Science Degree. Six years experience. I think 14 years at Carolina Power and ~~Line~~ Light. He's also certified. He's running our Corrective Action Program. And, you know, that was one of the programs that, that we had real concern about, and the AIT letter.

And then Greg Dunn is with us today also. Greg holds a Bachelor of Science Degree. He's from our Perry Plant. He's also an SRO for them. He has 22 years of experience in Operation and Outage Management and we're really happy to have Greg with us.

And Jean ~~Riegle~~ Rinkle is next to him. Jean is our ~~field~~ fuel person, does all our nuclear ~~fields~~ fuels.

One of the people not with us, gentleman named Pete Roberts. We brought him in to be, he's on the night shift, that's the reason he's not here. The Manager of Maintenance. And, that's a change also. So, Pete comes to us. He has a Bachelor of Science Degree in Nuclear Engineering. He was a System Engineering Manager at another station. Has 18 years of experience in SRO; certified from our Perry Plant. So, he left our company, went to another company and we brought him back. So, we're happy to have him back at this time.

So, that's some recent change we have made in the management level. I wanted to fill you in on some of those areas before we got started today.

To my left, at the end of the table is John Grabnar. John came to us by Perry Plant. He was an SRO, went through the SRO training, came over in charge of Design Engineering. Glad to have him here also. He'll be talking about -- as you know, we had some issues with the reviews of, System Reviews; and we want to talk to you about some of the issues we found there. He'll be doing that today.

Jim Powers is next to him. You know Jim. Jim is going to talk about System Reviews.

I'll discuss some of the Management Reviews, how that's going. We've talked about that before.

Randy doesn't really have a part today, so we're not sure what he's doing up here. No, we wanted him up here.

And Mike Ross is with us, supporting Randy. We brought Mike Ross in, because he's an operational expert. And that's what we consider him. He's really focusing on the operational ownership of our plant. We'll let him give you the status of that.

Mike Stevens is last on the schedule.

Steve Loehlein, the last thing we wanted to talk about Value-Added from our Quality Group; and he's in that position. I think they've taken some really good steps. He's going to brief you on that.

And finally, Bob Schrauder, who will talk to you about the reactor vessel head, so we'll hear more from him.

Let me get started with the desired outcomes.

MS. LIPA: Lew, I was going to go through the rest of the agenda before turning it over to you.

MR. MYERS: Okay.

MS. LIPA: If that's all right.

Just one question on that slide, on the dark blue "New to Position". Is that since a certain date? The next slide, up one.

MR. MYERS: You know, some of those, the last time, and I just sort of described the new ones since then.

MS. LIPA: Okay.

MR. MYERS: So, the FENOC Organization continues to change somewhat. And, the focus on the issues that we had at the Davis-Besse Plant to strengthen us there, and FENOC also at the management level, bringing people in.

When we were here the last time, I know you talked about the changes we made in the senior managers. I'm just updating on the changes we made in management level, some of the actions we've had. Just a continuing process.

MS. LIPA: Okay, thank you.

The next thing I would like to cover on the next slide is just a summary of what we talked about at last month's public meeting on October 16th.

During this meeting, the Licensee FirstEnergy presented and we discussed a variety of topics. I want to go through some of the highlights.

We talked about the, FirstEnergy gave a discussion of the restart progress, including some major milestones and some projects that have been completed. Their integrated schedule for completion of activities and performance indicators to measure performance in various

areas.

The next item was the Reactor Vessel Head Resolution. And they updated us on the containment vessel and shield building restored and the vessel head was in place.

On the Containment Health Assurance. FirstEnergy provided updates on work going on in containment. A lot of work going on in containment, including the containment air cooler refurbishment and redesign and a big project on emergency sump.

On System Health Assurance, last time they discussed the results of their ongoing reviews of various systems, and that they had identified numerous discrepancies that would be screened through the process and needed to be evaluated and most have been corrected before restart.

The next building block that they updated us on was the Program Compliance Reviews, and they gave us brief updates on the progress in this area.

And then probably the biggest part of last month's meeting was the Management and Human Performance Improvement Plan, and FirstEnergy discussed that there are several specific reviews and investigations and root causes that have been completed. And one of those is outstanding, not yet completed. And that the results of all those various activities still need to be integrated to show the

complete picture, and improvement inititives are taking place in parallel with this work.

They also updated us on their plans to address Safety Conscious Work Environment concerns.

The next slide that I have that I want to update everybody on was some recent NRC, well, Restart Checklist, which has been revised on October 30th. And there are three pages of the Restart Checklist. This is also in your handout.

And then the other thing I wanted to spend a little more time on today was the results of some recent NRC inspections as they relate to specific checklist items. So, you may have to flip back and forth a little to follow along, but let's go first to the slide that says, "Results Of Recently Completed NRC Inspections" and we'll start there.

Now, the results of these inspections are also summarized in the November monthly newsletter. So, that has more details than what I have in your packet today.

The first item that I want to cover is Reactor Pressure Vessel Head Replacement Activity. And that covers checklist item 2.a. And this inspection exited on October 24, which is when the NRC completes their inspection and has a formal exit meeting with the FirstEnergy officials. And that report will be 2002-07 and we estimate that that

will be out about 30 days from the exit.

And findings from that inspection were that the replacement head met the applicable codes and it was an acceptable replacement. And the NRC also reviewed the Technical Root Cause that FirstEnergy submitted and concluded that the Licensee's analysis was plausible.

There is an item that's still remaining before that checklist item can be closed, and that is the post replacement pressure test of the pressure vessel. And this is an ASME Code related test that would be required just before restart. So, that's established as checklist item 2.a.

The next item is Checklist item 2.b, and this is Containment Vessel Restoration, and this is really the work that they did to open up the concrete part of the containment and the metal part of containment to get the new head in and the old head out.

This inspection exited on October 24th, and that also will be in a Report 2002-07, which will be about 30 days from that exit date, and these reports will be available on our web page.

And this inspection reviewed the concrete repair and the welding of the containment vessel, and reviewed the welding records and radiographs of the welds. And the inspectors found that the activities were well controlled

and implemented.

One item that's remaining on that checklist item is the ~~ILRT~~ ILRT of the containment. This is a pressure test to ensure the vessel meets the requirements.

The next item is checklist item 2.c. This is Structures, Systems and Components Inside Containment. And this exit was held on October 24th. That inspection report will be 2002-12. This is actually part two of a Containment Extent of Condition Inspection. We provided a summary of part one a couple months ago.

During this inspection that just exited on October 24th, the inspectors found that plant personnel were properly trained and qualified and used quality standards in identifying components that could be affected by boric acid. The main purpose of this activity was to verify the adequacy of the Licensee's activities to walkdown all the systems and components in containment to see if there were any that could be affected by boric acid.

The Licensee identified several items and entered those items into the Corrective Action Program or Work Control Process to resolve them. There are several items that remain before this checklist item can be closed; those include, there is an issue on the lower vessel nozzles. We discussed that at length at the last public meeting. That will be an unresolved item. Another item is the

containment air coolers. There is an unresolved item on the power cables for those coolers. And also there is an unresolved item on conduit conductivity.

Then there are several other open items that FirstEnergy is tracking on their Corrective Action Program; and those include the ~~codings~~ coatings in containment, the sump modification, and there is some environmental qualification questions on some junction boxes. So, those are the open issues that remain before that checklist item can be closed.

The next item, which is checklist item 2.d, which is Systems Outside Containment, I'll let Marty Farber, who has the lead for that inspection, give you some results.

MR. FARBER: Good afternoon. As Christine said, my name is Marty Farber. I'm a Senior Reactor Inspector in the Division of Reactor Safety in Region III; and I'm here to discuss the NRC's inspection of the System Health Assurance Building Block.

System Health Assurance is one of the seven Building Blocks that was developed by FirstEnergy as part of their Return to Service Plan. This was intended to ensure that the systems in the plant are in a condition that can support safe and reliable operation.

The program was comprised of two fundamental approaches. The first part, there were five very important

systems that were examined in detail, including looking at their design basis to identify any latent issues and to provide reasonable assurance that these systems could in fact perform their safety and accident mitigation functions.

The second portion of it was called System Health Readiness Reviews, and there were 31 other important systems that were examined, but in this case, they did not go into that design basis or calculation portion of the inspection.

The question would be, why did the NRC choose to inspect System Health to the depth that we did? First and foremost, it was important for us to know that if the behaviors that caused the degradation of the reactor vessel head, whether these may have led to degradation of other reactor plant systems.

Second, we can tell something about how well Management and Human Performance corrective actions are taking hold by how well the Licensee FirstEnergy executes the program. To this end, we had six fundamental inspection areas that we were looking at.

First, review and evaluate the Licensee's Building Block, Program Plan, and applicable parts of FirstEnergy's Return to Service Plan and some other documents that I have up there. In this case, the Building Block is the System

Health Assurance Program.

We wanted to take a look at a risk informed sample of their implementation efforts for the program. What this would include, we'll be examining all five of those detailed reviews and a selection from the 31 less detailed reviews.

We had an area to assess the Licensee's independent oversight for the program. What this entailed was examining the monitoring that was done by Davis-Besse Quality Assurance Organization and to examine the independent system reviews that were performed by FirstEnergy's Corporate Oversight Department.

We wanted to evaluate the adequacy of FirstEnergy's performance indicators, for this particular System Health area. We wanted to review the things that they learned from implementation in these performance indicators, and review the actions taken in response to the data.

FirstEnergy elected to monitor data, such as review completion and the rate of closing issuing condition reports. What we did is we evaluated that information. We watched how FirstEnergy interpreted it and what actions they took as a result.

We wanted to perform an independent inspection to verify FirstEnergy's results of one of their Latent Issues Reviews, that's the detailed reviews, to examine three

significant systems; service water, high pressure injection, and high voltage electrical distribution, the 4160 volt system.

We also wanted to classify, see how the Licensee classified, and see if we agreed with sampling of issues that came out of their reviews from the discovery portion of the System Health Assurance Plan.

The Licensee has a classification scheme. We have examined that. And what we want to do is assure that they properly classify the issues that they find and how they resolve them.

To accomplish all of this, we staffed the NRC team with nine people that had a wealth of design and operational experience. We drew from within Region III. We got inspectors from Region IV, which is based out of Arlington, Texas, and we had two experienced design consultants who were part of this effort.

Where we stand right now. We began this inspection on September the 3rd and completed the actual inspections on November the 8th. We held a formal exit this morning with FirstEnergy. Four of the six inspection areas that I talked to you of are done. The remaining two areas will be inspected after the System Health Review Reports are completed and reviewed, and then we'll come back another time to examine corrective actions that they take for

issues that they discovered.

The results of our inspection to-date are that we determined that FirstEnergy's process for doing these System Health Assurance Reviews is acceptable. FirstEnergy identified that there were problems in calculation and design basis information.

We did closely monitor their implementation. I want to make sure you understand there is a differentiation. We examined the process and concluded it was adequate. Then we also examined how well they implemented. We determined that they did an adequate job of implementation.

With regard to their oversight activities, we reviewed them and we concluded that those were also done acceptably.

The corporate self-assessment was thorough and identified some deficiencies. Our own team identified a large number of issues in the area of design basis, testing, and corrective actions.

At the meeting this morning, we informed FirstEnergy that there were multiple examples of failure to ensure that the plan's design bases were accurately reflected in drawings, specifications and procedures.

There were several examples of failure to properly test systems. And there were several examples of failure to take corrective actions for identified deficiencies.

There was also one technical specification violation for failure to test the high pressure injection system after the modification that was made.

Having gone through all this, what remains in front of us looking forward on System Health Assurance; FirstEnergy is evaluating their review results and the results of the NRC inspections for possible expansion of the System Health Assurance Program, especially in the area of design basis and calculations.

The NRC will return to further examine System Health, at the very least when all of the detailed review reports are approved. We will also return at a later date to examine corrective actions when enough of those actions have been completed that we can select the most significant ones for inspection.

That's all. Thank you.

MS. LIPA: Okay, great. Thanks, Marty.

Then, the last inspection I would like to update is the recent Resident Inspection results. And this is from, mostly from Scott Thomas and Doug Simpkins; and this is the daily inspection of activities on the site, such as testing, engineering reviews and temporary plant modifications.

The recent exit, and these occur approximately every

6 or 7 weeks, was on October 4th. And that inspection report is 2002-10; and that was issued on September 30 -- November 30, and that is available on our web page.

The results of that was one non-cited violation of inadequate procedure for building scaffolding and the scaffolding blocked safety related ventilation for the emergency diesel generator.

And, also observations in that report of minor significance, but they were still observations of ongoing weaknesses in engineering, operations and maintenance that FirstEnergy is correcting. So, that inspection report was issued October 30, excuse me, and it is available on our website.

The next slide, what I would like to cover is some continuing NRC inspections. Most of these have already started. I'm just giving an update. There is a summary of these on the front page of our November newsletter.

The first one is Organizational Effectiveness and Human Performance Inspection. And, that inspection is evaluating FirstEnergy's Root Cause Analysis associated with management organizational effectiveness and human performance factors that led to the degradation of the vessel head. And that is an ongoing inspection and hasn't exited yet.

The second activity is the Program Effectiveness

Inspection, and that inspection is reviewing the plant's progress in creating more effective programs for certain safety significant programs, such as corrective actions, boric acid, corrosion control, modification control and others.

And then the final continuing NRC inspection are the two resident inspectors that continue daily inspections, and that is always underway.

There are also some upcoming activities that I wanted to brief you on. On November 20, the Lessons Learned Task Force will be holding a public meeting here at 7 p.m., on November 20, to present their findings and to receive comments from the public.

Also, right now a tentative date, November 26, we're looking to set up two public meetings at headquarters, and we're planning to have phonelines available for people who wanted to call in and participate. And those two meetings; the first one will be a meeting in the morning to discuss the extensive modification to the containment sump that FirstEnergy has been designing, and then in the afternoon, the second meeting in the afternoon will be to discuss the lower nozzles. And, we discussed this issue last time. There is a lot of things that the Licensee has been looking at, plans for testing, and they've been investigating and coming up with some options. So, that afternoon meeting

would be an opportunity to share those with us and with the public.

So, that's all I have for now. I would like to turn it over to FirstEnergy for your presentation.

MR. MYERS: Thank you.

We have several Desired Outcomes today. The first one is to demonstrate, as we discussed last time, the value-added by our Quality Assessment Organization.

I told you what Steve Loehlein is in that position. Steve came to us from our Beaver Valley Plant. Improved performer there. Has experience in operations, engineering, is SRO certified. He'll talk about our quality efforts today. We think we're very proactive with that.

Then, we want to demonstrate the progress of some of our key Building Blocks, specifically, we want to talk about the head, reactor head, and that's ready to go.

Some of the System Reviews. We sort of talked about that. As we did the System Reviews, we found we always said we'd do the five ~~line~~ latent issues reviews and then come back and do an assessment with those totals. We need to change the scope that we would; and, we have decided we need to look at some other things.

And then we're going to brief you on the status of some of our management actions. As I told you awhile ago,

we changed the senior team quite a bit when we first came here. We're really working hard now. We have a very strong technical team, who many of them are down below, we shared with you awhile ago and we're taking a lot of other management actions.

Finally, we want to talk to you about our plans on the lower vessel penetration. We talked about that in the last meeting. Since that time, we've met with our vendors a couple times. Had a very large meeting about a week ago. Looked at all the alternatives and have came up with, decided on a game plan going forward that we will share publicly here and with the NRC on the 23rd of this month, I believe. So, we have a game plan going forward there not only of inspection, but repair if we need to.

Finally, we're going to talk to you about our, we told you awhile ago, sort of, as we did the System Reviews, we came to, the Davis-Besse Plant is a very old plant. Going back and looking at accounts and stuff like that is difficult. So, we're still looking for some accounts, we find. We think we have some issues in calculation areas, and we're developing a game plan to go forward with that now, basically a new approach. John Grabnar will share that with you today.

Finally, we'd like to talk about our schedule review or scheduled milestone, if that's okay. If we don't make

it, that's okay also.

I would like to get started with Quality Assessment Value-Added.

Steve.

MR. LOEHLEIN: Thank you, Lew. I'll try to speak up until this microphone comes up. I'm really happy to be here today on behalf of the Quality Assessment Organization, and the work we're doing. And I wanted to speak just for a minute about the nature of the business, Quality Assessment.

What we do is really a lot like what the NRC does, we find problems, and this is a tendency to perceive as negative. So, we talk about Value-Added Quality Assessment. I think we can really look at it as something we want to do, since we want to find problems and resolve them before they impact nuclear safety. That's really our role in the organization; to be a barrier, independent barrier, whose only job is to assess the organization.

Specifically -- the next slide please. At this time, we've got three major responsibilities. We've got to ensure the plant is ready to restart and operate safely for the long term. We've got to ensure the staff is ready to restart and sustain safe performance. And we've also got to ensure our own effectiveness of the Quality Assessment Organization.

So, in my presentation today, I'll be talking to you about how our assessment activities are organized in relationship to the site's Building Block Plans. I'll give you some examples of our performance to date in the Quality Assessment area. And I would like to discuss what our organization is doing to demonstrate the strengthening of our own effectiveness.

Next slide, please.

First, in Assessing the Plant and Staff Readiness. What we have done is we've aligned ourselves with the Building Blocks. What we're applying is really a three-step approach. First is confirm the acceptability of Building Block Plans itself. And we've completed that assessment in six of the seven plans.

Next in the phase that we're really active in right now is the oversight of the plans as they are being conducted. And the key to this area is the independent parallel efforts that we're doing to measure the effectiveness of those plans. I'll show you the examples of some of the things we've done.

And finally, the last phase would be evaluate the effectiveness of the plans based on the results that come out of them.

As I said earlier, most of our three-step process has been in step two of the process, which is the oversight

process. I'll take you through a number of the individual Building Block Plans and report on an item of interest in each one of them.

Next slide, please.

The first is as it relates to Reactor Head Resolution Plan. We had an issue develop out of the Direct Field Observation of contractor qualification activities for the containment rebar cad-welding. In this case, we found issues with inadequate documentation to support the activity in the field, and we had issues with the contractors through NRC oversight of that activity. Took those issues to the contractor, who immediately stopped work. We directly observed his plan for remediation and provided heavy oversight to ensure that that activity went off correctly, which it did.

MR. GROBE: Steve, before you go on, did you have any observations regarding the line organization's oversight of that contractor work?

MR. LOEHLEIN: The supervisor alignment, you mean the supervisors in maintenance?

MR. GROBE: FirstEnergy, whoever had responsibility for project management of that activity in FirstEnergy.

MR. LOEHLEIN: Yes, as a matter of fact, project manager was the person who we went to for

his resolution of the issue when we first identified it, and he was involved with our contacting the contractor. At the time the contractor didn't happen to be there at the time that we spotted these particular deficiencies. QA was when we identified them. He was notified and participated in the, in the reaction we took with it.

MR. GROBE: For contractor quality, the first lines of defense are the contractor organization itself and its quality assessment; seemed the second line of defense would be FirstEnergy's Project Management Oversight; then the third line of defense would be your oversight assessment.

MR. LOEHLEIN: That's correct. That's exactly right. That's what we would expect.

We also know that the site right now is carrying on a number of parallel activities, which tends to stress the organization. So, we don't, we'd be unrealistic to expect they would be there on top of every activity at every moment. So we, you know, I think we all work together in assuring the quality. I must have misunderstood the question.

MR. SCHRAUDER: Jack, we did have line management oversight of that. Our project managers had identified certain issues, quality issues with the work that was going on. We were addressing them on a case by

case basis. The QA observation of training activities and that was what I'll call the straw that broke the camel's back, essentially making sure the stop work was replaced. That had to do with the Quality Assurance Oversight of the project, but our project managers were on the job and were identifying deficiencies and correcting them on the spot.

MR. LOEHLEIN: This issue really was, to clarify this, was a qualification issue, which meant the actual field activities were not being conducted. That was the reason why we at QA were in particular interested, because it's an item we like to look at before it results in any actual field work; the place we want to be in terms of preventing issues.

MR. MYERS: We did have some issues we think with contractors during this issue, made some changes there; is that not correct?

MR. LOEHLEIN: That is correct. The contractor himself took direct action with some of the people involved in terms of their standards, and took corrective action.

MR. GROBE: I don't want to diminish the value of the Quality Assurance Organization's identification of these issues, but a couple meetings ago we heard about a contractor who was working on the polar crane, and deficiencies were identified by several levels

of management above the project manager; and, heard that same discussion of stressed organization, lots of contractors.

I think you're finding on cad-welding was probably several weeks ago, but I was wondering, maybe you can give me the answer later if you don't have it now, but what actions FirstEnergy is taking to strengthen its contractor oversight?

MR. STEVENS: I can answer that. We've gotten together with the project managers group, taken a look at how we have the organization structure put together to implement the work. We just last week revamped and reorganized our work support center, the project manager structure, as well as integrated some of the projects into the maintenance organization and made sure that we had correct ratio, if you will, of FirstEnergy Davis-Besse employees with the contractors.

In addition to that, I've met with each of the leads, the superintendents and the supervisors of our contracted work force to make sure we understand what the standards are for working at the plant, and the expectation for work quality.

We also, to prevent putting the work force in a situation where they may have been pressed for time or trying to execute the work without it being ready, which

would maybe set up an event, we've instituted ready meetings during the day pretty much every day of the week to watch all the major projects to make sure we understand what the level of readiness is, what the needs are; and then in addition to that, we've scheduled the managers some field observations, as well as tightened up our observations of work activities in the plant.

I've personally talked with several of the project managers, who I felt like we weren't meeting the standard in every case. In other words, we've gotten some indication looking at the observations that we're not where we need to be with foreman groups or work packages.

And got some feedback from the project managers, toured the area with the project managers, visited with the supervisors that are responsible for that work, corrective behavior in the field.

And got to the point now, where I go out and I look and I see the right behavior, can reinforce the positive behavior and start reinforcing, looks like we're doing correctly, and it's changed.

I'm not saying, this is the skeptical side, the oversight, we still have to manage that, but it is changing; the performance is improving as a result of that.

MR. GROBE: Okay, thank you.

MR. FAST: Jack, just to reinforce that, what I'll term an anecdotal piece of this; I made a tour on Saturday morning visiting all the major projects. In every case, there was a supervisor and project manager on the scene. Those were in the containment projects.

But just to reinforce what Mike is telling us, I have seen that we have much better oversight. So, as I visited the containment sump and decay heat valve pit, containment air coolers, the refueling machine modifications underway; every project had a supervisor, direct supervisor oversight, something I look for when I do field walkdowns and observations, as well recognizing direct project management support.

MR. GROBE: Okay, thanks, Randy.

MR. LOEHLEIN: Ready to move on to next slide.

Under Containment Health, I would like to point out Independent Field Walkdowns. This is where the QA people went out on their own, not as part of an engineering team with anyone else, find the criteria we were looking for, for conditions in containment or extended condition.

And the results of that, what we found is that the containment health walkdowns were fully effective. We

found nearly duplicate reports on each of the areas from us in line. So, we found that to be an effective thing that was done. Some of the minor differences we found were mainly cosmetic; differences in opinions of what is cosmetic and things to do now.

We also, point out below, it identified some issues in qualification and work packages area related to the valve contractor. And this is a case where there is a lineup with what some of the other managers were saying, when this was first revealed, there might be some issues here with qualification of work packages. And the line organization got involved with this right away, and this was taken care of before it resulted in kind of issues with plant components.

MR. MYERS: That same contractor is pretty much involved with the valve work after the draindown. And we've met with them, I met with the person, made sure we got good integration of our maintenance group with that team. We believe that's why it's going to go very well. We were assigning each and every valve to one of our managers to look at, because we don't want to come back up and have problems.

MR. LOEHLEIN: That's another reason we took a hard look when we did, we knew the contractor was going to do a lot of the valve work and

important valve work and the deep drain while we're in this. We wanted to make sure we had any issues straightened out before we did that work.

MS. LIPA: Steve, did you have any examples of the design basis issues that you identified?

MR. LOEHLEIN: Yeah, kind of things that come to mind that I recall is that we had identified an issue with a containment air cooler fan flow and questioned the design basis for that flow rate. Another is air temperature is measured down in the air coolers, and some question whether that properly identified the possibilities of stratification in containment. There were a few others, but they were identified on future reports. I've given you the details on that, that we have.

MS. LIPA: Thank you.

MR. LOEHLEIN: I'm sure Mr. Farber is ready to say he's already seen them.

Next slide, please.

Under the Program Compliance Plan, here we've been very active in observing the operation of the Program Review Board, and we have confirmed that that board has been both intrusive and effective in their reviews. In the concept of independence, we identified six selective

programs to reviewing independently, so we can compare our results against what the line organization reports in that review.

Now, the six we've selected, none of those have yet been reported as complete by the line organization, so we issued no formal report on a finding on those yet.

Next slide.

System Health Assurance. Once again, I would point out the independent reviews we're doing. We selected three independent systems to look at, using the process that's established to do it. And, one of those three has been completed by the line. It's 125 volt, 250 volt VC, which Mr. Farber I think commented on as well.

We did find generally that that review was successfully done. We found a number of conditions that were not especially significant, that we did put on our condition reports.

MR. GROBE: Before you go on, Steve, the last bullet or the last dash, I guess on that slide; could you expand on that just a little bit?

MR. LOEHLEIN: That really represents what showed up on many condition reports when the QA Evaluator originally went through the process. We tended to go a little deeper and evaluated our responses to commitments and to condition reports historically, and

aligned them when we went through the same process.

So, we wrote down on a condition report. Would not evaluate what that means in total yet. We are going to do three systems, and write a report on what we think of all this. Preliminarily that was our assessment of that particular review. So, those aspects will be more extensively done. That was just between us and them.

Next slide, please.

Under Management and Human Performance, key thing that's happened in recent weeks has been in the case study. I thought I would share with you how Quality Assessment Organization got involved with this. From the beginning, we made sure we were involved with all of the developmental activities that were conducted over in training, and participated in lots of feedback on what we saw in the train the trainer type of classes, and content.

I went to several of them myself, having done the root cause, to make sure that root cause was accurately portrayed as related to the lessons we needed to learn.

Then, what we did, when it came time to roll it out, the day before the site had the roll out, QA had a live presentation conducted by Dave Eshelman, who did the video assisted by others. We wanted to do a couple things with that. We could then assess the significant difference in the value of the live presentation and videotape that

people would see. It also gave us a chance to prepare for the presentation that would be done the next day; what we would be looking for at various site groups.

Then, we did an observation of divide and conquer, basically, the entire QA organization. And there is very few of these case study presentations that we do not participate in or let's say observe. And then, when we were done observing, we got together as a team and discussed what future communication activities we thought would be useful for the site.

What we found was that case study was effectively done; effective in that most of the employees seemed to be really embrace the opportunity to understand the case study and move forward from it. We provided a condition report that as a result of that recommends some additional communication in and management might take on to build on those, what was done in case study.

We also have taken the case study results to the other two sites. I myself, I went to Perry and Beaver Valley to participate in case study discussions with the Employee Assessment Organization.

I might also mention on here, we did a case study of the Management Observation Program and that was ruled out. Once again, quality assessment tried to get out there early, see what the issues might be there, in the early

days.

Initially we found with the observations, there times when their issues deserved a condition report to be generated for the organization to deal with, and there were times we found that they were not being reported that way. We wrote that up, reported that to the line. We were already starting to see some improvement in that area in the observations that we're looking at now.

Next slide.

Outside of these Building Blocks Plan work that we do, we still have our normal Quality Assessment activities that we conduct, and we report on these on a quarterly basis. I'll point out a few bullets of noteworthy issues we had on the most recent report.

Maybe the second one here is a good one to talk about, Radiation Protection Area. We had an issue identified on a condition report which a high radiation area is protected by a floor plug had, nearby had a lift ring available for use, had not been secured, that theoretically someone could have used to lift the floor plug and violate the high radiation area. Did not occur, but potential was there.

The QA Evaluator through his investigation found that, that had happened some months back, a similar thing, with a lift ring in an area like that. So, we wrote a

condition report requiring a higher level evaluation to find out why the action we took some months ago did not prevent this action or this thing from happening again.

My final slide.

MR. MENDIOLA: Before you leave that slide, slide 14 there, can you characterize that fourth dash a little more for our understanding.

MR. LOEHLEIN: The non-destructive examination. That was a case where we found that the field welds had been installed on these flow meters that incorrectly did not call for a radiograph. We found that, pointed that out.

MR. MENDIOLA: Okay. So, the response of the closeout of that item has been done?

MR. LOEHLEIN: What's happened is the line has responded to that and since found that was a case where they actually should have been called for, taking care of, I don't recall if they have been done yet.

MR. COLLINS: Steve, I have one question about the overall trend on your slide 14. How many of these would you expect in an ideal situation to be part of the poor planning process rather than being found during the work processes? In other words, there are two stop works and one last item here, as Tony mentioned, that appears to be, that's probably a department modification,

right?

MR. LOEHLEIN: Right.

MR. COLLINS: So, part of a modification package. Is it your expectation that as part of a job process and work order, modification package, that that would include promulgating experience that you would go back and look at the trends of corrective action. You indicated a concern about QA issues. You can't ask perhaps QA to bring that to the table as a part of the preparation?

MR. FAST: The field would be responsible, the line organization would be responsible for ensuring that that's do-able. So, that's available by our report management. We didn't catch that in process.

MR. COLLINS: Is that data available? In other words, I know you're revamping your Corrective Action System looking at your trends, looking at historicals. These are historical issues perhaps. You're changing your processes. Is that type of information available to your staff to build a work package?

MR. STEVENS: Yes. The information associated with issue reports that are documenting this?

MR. COLLINS: Right.

MR. STEVENS: And corrective actions to be evaluated, corrective actions will fall into

it, and we'll look to improve.

The stop work order for the fuel work went as a result of direct observation where we had grid strip damage and its effects. We understand that violation, and issued a stop. I thought that was pretty good.

The stop work order for the inadequate work with the feedwater heater. We had a contractor subcontracted to replace that heater and build it in place, like if it was in their shop. We took the documentation, married it with the work order, had him working to his document and ours. We got oversight, looked at that and said, hey, this isn't in accordance with our control work procedure. We stopped. We got the work documents. Married together. And proceeded on, so.

And, we don't, we didn't have a procedure for that. We didn't intend to finish that work order to the field that way without the vendor's instructions with it. And project manager and supervisor overseeing that intended to build the heat shield to do that, and incorporate their documentation at the end. That was a misunderstanding of how we would be working on a piece of equipment.

So, we corrected that; and we did a review cursory, didn't see any other areas where we had that kind of situation where we're relying on vendor information to do the work actually in the field and have shelter where

you're trying to control it, in that case.

The non-destructive examination was right out of the retest. Take that off of the design, either comes from our retest procedure, retest requirements, or it's part of the design change package. And what was recognized was we didn't specify the radiograph for the weld.

We have to do that, and it got missed through the review. More of a, that being part of the modification, that was more of a human performance review to specification, than it was a procedure compliance or work, work issue. You had to know that at some level of technical knowledge the type of weld and specification.

We took that and reviewed that back through the Quality Control Organization, I believe, who went and reviewed all the other welding that we were making to make sure that we didn't have any others out there without adequate retest.

MR. MYERS: I really believe, you know, that it's one of these, you can't win. If Quality Assurance finds anything, or we find something, you know. What's good is, I think, is fixing the problems you find.

You know, we want our quality group in the field. We want them to do things. We stop the work and take corrective action. We did that when we found the vendor

problems in training. We found our own problems on the crane. We took the two weeks to make sure that crane was in good stead before we went forward. And we probably could've justified some of that stuff. We didn't. We made sure it was in good stead until we were satisfied.

Then, on the containment you know, we're the first company I think in the country to take a big reactor vessel head across the state, wash away your concrete, cut your containment, put your new head in, then plug it back up. If I had to go back and analyze how we did that, it's not problem free. We had problems on the vendor procedures. We had problems with the welding. I can tell you a number of problems. But when I stand back and look at it, we did a quality job. We did a pretty quality job, you know.

MR. COLLINS: I would agree, but you would acknowledge there is a difference between first in technology and routine work.

MR. MYERS: Yeah. And we had about 1200 or 1300 contractors in there. The more we were in the field watching, we know what's going on. And I expect our quality group to find some things. I feel bad every time they do, we didn't find it ourselves. But in general, with all the work going on, really have going on, I think hopefully concerned about any of the things we find.

MR. COLLINS: Thank you.

MR. LOEHLEIN: I would also like to point out that one of the reasons we are mentioning stop work orders is because I want to make clear to everyone we won't hesitate to exercise an authority to stop work if we think the timeliness of the situation demands we do so, on something that would affect quality. So, that's, this is an authority we take seriously, we have to exercise.

MR. MYERS: Once again, I think most important is when our quality group finds something, they have management support to take the actions they need. I don't think you'll find anybody at this table that you wouldn't have that. That's the environment we're looking for.

MR. LOEHLEIN: Next slide.

My final slide, to wrap up what we discuss today; Strengthening Quality Assessment. What we've done so far, as we've said at prior meetings, that we have done organizational changes. We comment today about management changes.

The part we're in right now is we're, we're taking action, for instance, stop work orders, if that's what it calls for; we're conducting independent intrusive assessments; we're participating in ensuring that case study is well done and presented and the work went out to

all those that needed to have that information.

In terms of wrap up, I would like to share with you something we're doing right now, is the Quality Assessment Program Review. We brought in about six outside experts. It's their job to evaluate the Quality Assessment Process that we have right now, so it will be the best it can be when we restart the plant. Thank you.

MR. GROBE: Do you have questions?

MR. MENDIOLA: Yes. Steve, my question is actually kind of simple. Basically, Quality Lessons Learned has to be Quality Lessons, and clearly, you're looking at things across the board, whether it would be a hardware issue or software issue and you're getting a lot of input into your organization.

MR. LOEHLEIN: Right.

MR. MENDIOLA: So, it will surely filter back out to the processes to make them better.

My concern quite clearly is, is if you can kind of estimate the size and scope of the work; is it too much out there to do; do you have enough staff to do it all or?

MR. LOEHLEIN: Yeah, I would like to answer it this way. We've gotten really great support from our other sites. We have several people from each of our other sites rotate on assignment to us, and they're

helping us through the Building Block Assessments. We also have several contractors, give us a lot of experience there on this restart.

We have apprised the need to augment staff to do these, what I call, nuts and bolts of the assessments. The long term things that we want to do with our organization, we're taking on primarily with our normal staff. They are involved in case studies, for example, and observation of those. And they will be involved quite a bit on this heat drain work, provide a lot of the oversight on that. But, yes, we would recognize that we have a lot of work to do, and lot of staff reporting.

MR. COLLINS: Steve, I had a comment perhaps you might want to respond to it. When you look, if you're able to, but I'll point you to slide 7, Responsibilities. Quality Assessment. And focusing on the word ensure. And I guess I'm contrasting that with the responsibilities of the line organization, who own these processes and programs.

I really am wondering if you have a view of the division of responsibilities between the implementers, if you will, people that work with the processes, own the systems, operate the systems, and quality assessment; and how you would define quality assessment?

It appears to me that the value here is, as

indicated by your examples taking them at face value, that you're exerting yourself in these processes, finding good issues, corrective actions are implemented and we can move on. That's success perhaps for the stage of programs and processes at Davis-Besse as we sit here today.

Contrast that with the fact that you look, but you don't find, because things are going well; and, value-added is more confirmatory rather than ensuring; and what that message is to the line organization. Do you have a comment on that?

MR. LOEHLEIN: Yeah, I think it's interesting. My staff is probably chuckling right now, because I've had a lot of discussion in staff meetings about the difference in the role of the real people that ensure quality are the line organization, because they all had a chance to be in the line.

We are an assessment group. Our job is to have a single-minded focus, not having distraction of schedule and cost and those types of things, only going out and independently assess how effective the organization is implementing the Quality Assurance Program.

So, I guess I would chastise myself for having used the word ensure, and I'm sure they're getting a little bit of a chuckle out of that, because I've chastised them for not recognizing the difference.

So, clearly our job is assess, to provide recommendations where we can do so for improvement. And the line organization's job to internalize that they are quality, they are a quality organization, as implementers.

So, I agree with that a hundred percent.

MR. STEVENS: I can provide an anecdotal example. Last week, week before, we had all of our maintenance supervisor go through a qualification board at the end of completing the practical facts, if you will, for qualification.

Steve sat on one of the meetings, boards I chaired, we have managers and we ask questions. And the probing questions; it's not an easy board to get through. Steve's questions center around line ownership to ensure that we're meeting X and in accordance with.

And one of the questions he asked was, to one of the electrical supervisors was, how does 10-CFR-50 apply to you in your everyday job. And, when you first hear that, it was, it's a little bit, it's not something you talk about every day, but it brings home that ownership and that understanding. We implement. Quality assurance is providing the oversight to make sure that we're implementing it. That becomes very clear.

MR. COLLINS: Thank you.

MR. LOEHLEIN: I'll turn it over

to Bob Schrauder.

MR. GROBE: I have one more question, if you don't mind. First an observation just to echo something that Sam, observation that Sam made.

The findings that you've highlighted today, and certainly not your only findings, just a sampling of your findings; these are not superficial issues, and it takes capable people to find these type issues. I compliment you on that.

Do you have within your structure a process where you determine whether or not an item that you identify is something that you're going to follow-up on, an additional focus audit?

MR. LOEHLEIN: Really, I don't know if you finished the question; are you finished?

MR. GROBE: Go ahead.

MR. LOEHLEIN: How we decide to focus on? I will tell you this, Jack, that is part of the program review we're doing, because right now what we rely on is sort of inscribed. If we see issues in certain areas, we ask ourselves, is that telling us something and that's how we decide to do a focus assessment in a given area.

The trouble with that, we think, is that may not be as objective as it needs to be based on the informational

criteria to really look at the right things. So, as part of the program review as it is now, is one of the challenges we have for our team is to try to advise us on criteria based assessment decision-making which we do, because right now we do rely on exactly what you describe.

We like to discuss it with the supervisors, myself, for example, overseeing this area, that area, and focus on that. And there's nothing wrong with that, but it's not the criteria base. It may not be the best way to focus our resources. So, we're looking at that.

MR. GROBE: Our inspection program includes a broad set of baseline inspections, which I describe as a criterion basis inspection program, as well as when we find something that appears to be more substantive to specific targeted inspections, call those supplementals.

The issue of contractor control concerns me. Is that something that you consider doing an additional assessment? I've heard from Mike and Randy, that additional emphasis is being placed on the organization to provide contractor oversight, but had you considered it?

MR. LOEHLEIN: I have to admit right now, Jack, I don't know that the status of our, obvious status of the contract issue. We have had different issues with different contractors, we discussed that. And so far,

our sense is that they are just that, they have been different issues. And it's been more along the lines of the managers here talk about that we've not perhaps as a management team been involved as we need to be, and that's where the actions are going right now.

I don't think we've drawn conclusions to do a separate audit in that area yet.

MR. GROBE: Okay. Okay. Very good.

Any other questions from the NRC. Great. Thank you.

MR. LOEHLEIN: I'll switch spots here, so Bob can be well heard.

MR. SCHRAUDER: Thank you, Steve.

I'm Bob Schrauder, the Director of Support Services Organization, and management oversight for the reactor head replacement.

Very brief update on where we're at with that. I stated last time that our service structure was in place on the reactor vessel head. It is welded on now. All the touch-up paint is done. That job is virtually complete. We have a few cables to reconnect yet, the position indication groups, the control rods. The control rod drive mechanisms are reinstalled on the reactor vessel head and