Honeywell Metropolis Works Licensee Performance Review

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Honeywell

Introduction

Hermann Ortega

Vice-President, Integrated Supply Chain

Honeywell Specialty Materials

Honeywell

Honeywell Has a Major Role in the Future of Nuclear

Honeywell

- Senior Management is Committed to Nuclear Safety
  - Working with NRC and DHS to ensure:
    - Protection of Public and Facilities/product
    - Continued Product supply
  - Driving Accountability
    - Integrated Supply Chain Management Oversight
    - Consistent Expectation of Excellence at Plant Level
- Prepared to Meet Future Regulatory Challenges
- Improving Infrastructure
  - Increasing Capital Investment and Operating Budget

Continued Safe Operation is Key For MTW

Overview from Honeywell

Ralf Finzel

Director, Integrated Supply Chain

Fluorine Products, Honeywell Specialty Materials

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Honeywell Commitment to the Nuclear Industry

Honeywell

- Recognize Need for a Strong Nuclear Safety Culture
  - Protection of public health and safety, and U.S. energy security
- Engaged in Nuclear Industry
  - Nuclear Energy Institute (NEI)
  - Institute of Nuclear Power Operations (INPO)
  - Regular meetings with Commissioners and NRC Senior Management
  - Actively participating in regulatory process (*e.g.*, comments on proposed rules, Conversion Workshop, etc.)
- Active Role in the Future of Nuclear Energy
  - Sole U.S. supplier of conversion services
  - Key link to U.S. energy security objectives
    - Working with Department of Homeland Security
    - Ensuring product supply for power reactors

Honeywell Embracing Role in Nuclear Industry

Demonstrated Commitment to MTW

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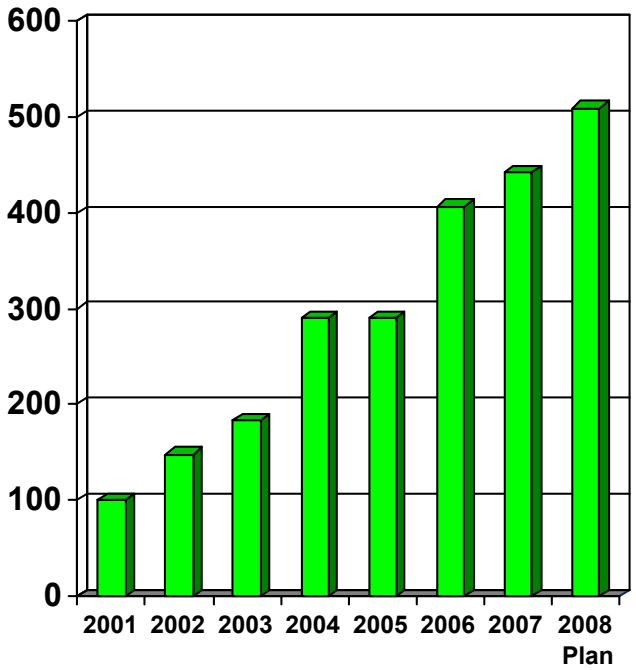
- Approximately $6 million to implement renewed license
- Assembling the "right" team
  - Engineering team devoted to plant upgrades
  - Key positions filled in the areas of Reg. Affairs, Production, Maintenance, and Engineering (15 total)
- Safety/Production
  - Providing structured safety presentations for site workers by consultants
  - Implementing Maintenance Excellence program
  - Facility upgrades and capital improvements

Making Long-Term Investments in MTW

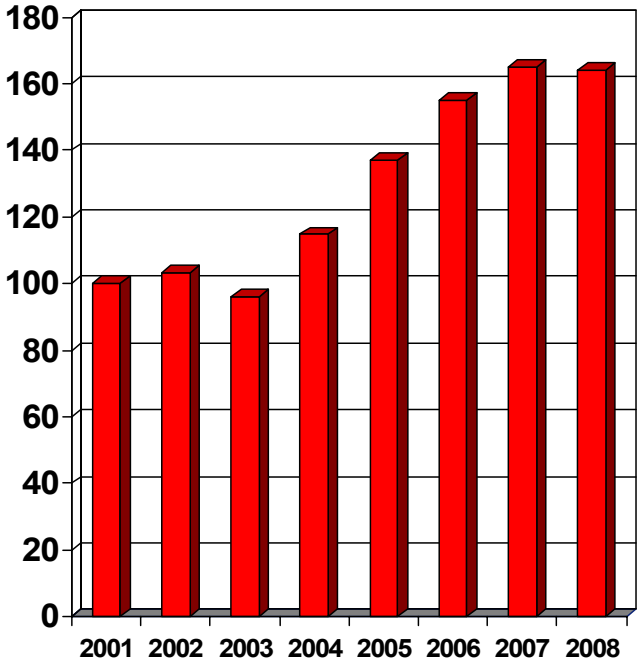
Honeywell Corporate Involvement

Honeywell

- Financial Commitment to Metropolis Works Facility
  - Conversion is a growing strategic segment of business
  - Committing substantial resources



Capital Expenditures Indexed to 2001



Annual Operating Expenses Indexed to 2001

Licensee Performance Review

Larry Parscale, Regulatory Affairs Manager
Metropolis Works Facility
Honeywell Specialty Materials

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Major Activities in 2007

Honeywell

- Implemented requirements of renewed license
  - Renewed license issued for 10-year term in May 2007
  - Integrated Safety Analysis (ISA) requires new procedures and configuration management program
  - Fully implemented license in Nov. 2007
- Implemented requirements of NRC Security Order
- Upgraded key aspects of plant during extended outage
- Completed labor negotiations
- Supported 9 NRC Inspections

Many Accomplishments, More to Come

Recognized Improvement Opportunities from 2007 Performance

Honeywell

- Honeywell concurs with NRC Assessment in the areas of Safety Operations, Radiological Controls, Facility Support, Safeguards, and Special Topics.
- Notices of Violation (NOVs) in 2007 indicate need for additional focus on procedure quality and use
  - Continuing emphasis on upgrading procedures
  - Human performance initiative will address expectations for use and feedback on procedures
  - Increasing use of Corrective Action Program to drive improvement

Made Significant Progress, But Not Satisfied

Accepting Challenges: Actions to Improve 2007 LPR Letter

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Promote and Encourage Nuclear Safety Culture and Behavior

- Work Control Enhancements
  - Fully implemented Maintenance Excellence
  - Standard method to request maintenance work
  - Enhanced pre-job briefings
  - Improved communications between Operations and Maintenance
  - 40% reduction in reactive work from 2006
- Corrective Action Program
  - Assigned experienced program owner
  - Reinforcing expectations for use
  - Providing management mentoring
  - Performed CAP survey of site as Self Assessment

Focus on All Aspects of Nuclear Safety Culture

Accepting Challenges: Actions to Improve

Honeywell

- Decision-Making
  - Management Review Committee (MRC)
  - Systematic Processes
- Self Assessments (SA)
  - Increasing emphasis on being self critical
  - Understand "where we're at" vs "where we want to be"
  - Site SA schedule driven by dept. ownership

Focus on All Aspects of Nuclear Safety Culture

Accepting Challenges: Actions to Improve

Honeywell

- Improve Effectiveness of Corrective Action Program
  - Use CAP SA results to target program improvements
  - PER addressing strengthening root cause investigation ownership and review
  - Collecting data to establish trending capabilities
- Human Performance (HP)
  - INPO HP training has been obtained for site coordinator
  - Obtain buy-in from plant management team
  - Develop site wide initiative and train on fundamentals
  - Perform observations to monitor results

Our Challenge: Consistent Improvement

Accepting Challenges: Actions to Improve

Honeywell

- Management Measures for ISA Implementation
  - Implemented procedure for Plant Features and Procedures (PFAP) management
  - Implemented matrix tool for PFAP management
  - Trained appropriate personnel for license changes
  - Increase use of CAP to identify and correct weaknesses in configuration control, procedures, and training.

Our Challenge: Consistent Improvement

Future of Metropolis

Mitch Tillman, Plant Manager
Metropolis Works Facility
Honeywell Specialty Materials

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Moving Forward: Focus Areas for 2008

Honeywell

- Strengthen Safety Culture - Nuclear
  - Integrate new managers into nuclear safety culture
  - Strong corporate and plant leadership to reinforce expectations and drive individual accountability
- Foster Environment of Continuous Improvement
- Continue to Improve Procedure Quality and Adherence; Increase Formality

Maintain Focus on Safety Culture in 2008

Consolidating Progress & Enhancing Safety in 2008

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"Core" Philosophy of Continual Improvement

- Foster Effective Change Management Program
  - Adopted lessons-learned
  - Goal: make this "a way of life" at MTW
- Ensure Implementation of Corrective Action Program
  - Improve Use of Audits and Self-Assessments
  - Improve Root Cause Investigations
  - Conduct Additional Training
- Implement a strong program in support of Integrated Safety Analysis (ISA) and Plant Features and Procedures (PFAP) management
- Improve Equipment Reliability

MTW Will Continue to Strive for Improvement

End of Presentation

Honeywell