

Specialty Materials

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ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

SUB-526, Docket #40-3392

References:

- (1) NRC letter dated December 11, 2008 to Mr. Mitch Tillman subject Public Meeting Summary: Inspection and Licensing Issues Honeywell Specialty Chemicals, Docket Number 40-3392
- (2) Honeywell letter dated January 12, 2009 to NRC subject Request For Enforcement Guidance/Discretion
- (3) Honeywell letter dated March 24, 2009 to NRC subject Withdrawal of Request For Enforcement Guidance/Discretion

**Subject: PROPOSED INTEGRATED IMPROVEMENT PLAN AND
REQUEST FOR ENFORCEMENT DISCRETION**

Dear Sirs:

By letter dated March 24, 2009 (Reference 3), we withdrew our initial request to NRC on this subject in order that we might provide additional explanation and justification to support our request and to facilitate NRC review. The purpose of this letter is to provide the necessary supporting information and to request the related NRC action.

BACKGROUND

On December 9, 2008, Honeywell representatives met with NRC Region II and Headquarters staff in Atlanta to discuss inspection and licensing issues (Reference 1). At that meeting, Honeywell presented to NRC the results and planned actions from a Honeywell self-analysis of licensing issues and requested NRC support for our proposed plan for going forward. As was presented, the purpose of this self-analysis was to identify causes for the large number of deficiencies identified in 2008 through Honeywell audits and self-assessments and NRC inspections, to determine necessary corrective actions, and to develop an appropriate implementation plan.

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At that meeting, Honeywell also proposed as a plan for moving forward, an Integrated Improvement Plan (IIP), which would include the actions and schedules for correcting the identified deficiencies while appropriately prioritizing and effectively using Honeywell, Metropolis, and NRC staff. Further, Honeywell proposed that the IIP include a means for incorporating NRC initiatives (current and future) that could potentially impact Honeywell's efforts to undertake these actions. Honeywell believes that this approach would effectively accomplish these objectives, while also providing the necessary tools for both Honeywell and NRC to monitor and evaluate appropriate and successful management of all actions.

Primary reasons presented by Honeywell in support of this IIP approach include:

- The IIP will improve Honeywell's ability to effectively and efficiently apply plant staff to manage and oversee the large number of plant and program improvements that are currently in progress and will continue to result from (1) internal audits and self-assessments; (2) near-term regulatory changes (*e.g.*, pending Decommissioning rulemaking, anticipated revisions to 10 CFR Part 40, and development of a Safety Culture Policy and an Oversight Process for Fuel Cycle Facilities); (3) technology improvement efforts at the Metropolis plant; and (4) significant corrective actions (*e.g.*, license program reviews and follow-up corrective actions, Safety Culture initiatives aimed at enhancing the personal dedication and accountability of all individuals engaged in any activity which has a bearing on the safety of Metropolis, and improving the application and clarity of the Metropolis licensing basis documents, which are incorporated into the renewed facility license dated May 2007.
- Self-assessments and audits resulted in over 160 problem evaluation reports (PERs) being entered into the Corrective Action Program, and NRC inspections resulted in 9 violations during 2008. Honeywell believes that the most appropriate response to these items should focus on correcting the root causes in a comprehensive manner, rather than simply addressing discrete occurrences as they arise.
- Honeywell has identified numerous challenges and difficulties with the current ISA since its full implementation more than one year ago. The ISA, which was not subject to any specific regulatory requirements regarding its scope or content, has many deficiencies and impracticalities. In particular, experience with ISA implementation has revealed both discrete shortcomings and broader conflicts with other licensing documents. Many of the self-assessment/audit findings and NRC violations were related to the ISA either directly, or indirectly through the Management Measures programs and procedures. Based on these lessons-learned, the current ISA warrants significant revision.

- The current licensing basis documents (e.g., NRC license, Safety Determination Report, ISA, license application) require frequent amendment in order to obtain consistency, provide clarification, etc. The cost and resource commitments needed to process these changes are not commensurate with the safety or regulatory benefits. Honeywell believes that a process should be developed to review and authorize these changes without adversely impacting the on-going efforts to resolve issues identified through audits, self-assessments, and NRC inspections.
- Initiatives and actions driven by the NRC (such as responses to NRC inspection findings for violations that are symptoms of larger issues) can impact/delay previously scheduled priority issues. Accordingly, the IIP organizes and manages these larger efforts into a comprehensive process. Specifically, the IIP includes the activities that will be needed to comply with the NRC's nearly-complete Decommissioning Rulemaking and a specific commitment to revise the existing ISA. These activities will be coordinated with ongoing Metropolis housekeeping and contamination control efforts, ongoing license program reviews and related corrective actions, and responses to self-assessment/audit and NRC inspection findings.
- The IIP also supports on-going technology improvement efforts by Honeywell to improve the physical operating capabilities of the Metropolis plant.

Additionally, at the December 9th meeting Honeywell requested that the NRC consider the self-assessment and the planned IIP approach as a proactive improvement effort and commitment on the part of Honeywell towards enhancing safety. However, Honeywell recognizes that successful completion of this improvement effort is dependent upon NRC acceptance and commitment to support this effort. Honeywell detailed that successful completion of the improvement effort would include:

- Incorporating into the Licensee Performance Review (LPR) process a consideration of the proactive nature of Honeywell's integrated effort. Proper consideration would recognize the overall improvement effort and those corrective actions, while reducing the focus on discrete violations.
- Affecting the inspection process such that appropriate focus would be on accomplishing the overall improvement objectives as detailed in the IIP rather than continuing to cite known deficiencies that the IIP is intended to correct.

- Allowing Honeywell to quickly and more effectively achieve the desired results by implementing an integrated, prioritized plan (the IIP) while minimizing activities that do not result in enhancements to safety.
- Developing an IIP and implementation methodology that maximizes the benefits of the IIP by coordinating the results to achieve improvements to all licensing documents while minimizing the distractions of unnecessary or duplicative licensing actions (e.g., clarification/correction amendments, inspection violation responses).

CURRENT REQUEST

By this letter, Honeywell is informing the NRC that we have developed the subject IIP and we are committed to its full implementation, including development of a revised ISA. The IIP is a living document in that Honeywell is continuing efforts to investigate the scope of required corrective actions and to define the best course/option available. The current IIP contains over 200 entries, but many more actions supporting this plan are being entered directly into our Corrective Action Program. Many of these actions are significant in terms of resource demands and/or culture change and, thus, great care is being exercised to ensure a successful completion path is clear. It is important to note, however, that many actions are, at the same time, being completed. We have already made substantial progress in many areas.

We conclude that this IIP and the implementation process described herein are necessary for Honeywell to effectively and efficiently apply plant staff and achieve successful implementation while ensuring protection of the public health and safety. We also believe that this proposed IIP approach is consistent with the NRC and industry objective of focusing on areas of risk-significance. However, without the requested NRC support, there will be significant delay in completing the actions identified in the IIP, a lack of coordination between various elements of the IIP, and continued distractions from the prioritized IIP objectives. At bottom, without the NRC's support, the desired enhancements in safety would be postponed.

In light of the background and objectives described above, Honeywell requests that, in consideration of a good faith effort by the Honeywell Metropolis Plant, the NRC take the following actions:

- Recognize the IIP as a good faith effort on the part of Honeywell Metropolis Plant to make substantial improvements in the aforementioned areas.
- Exercise enforcement discretion with regards to items in the IIP consistent with the guidance contained in the attachment,

“SUPPLEMENTAL GUIDANCE FOR USE IN EXERCISING ENFORCEMENT DISCRETION FOR THE HONEYWELL METROPOLIS PLANT CONSISTENT WITH THE HONEYWELL INTEGRATED IMPROVEMENT PLAN.”

- Give full consideration to the Honeywell improvement effort during the next LPR utilizing the additional guidance contained in the attachment.
- Continue to apply the guidance for exercising enforcement discretion until completion of the items scheduled in the IIP.

In recognition of the scope and magnitude of this request and the IIP, we request an opportunity to discuss the acceptability of this proposal and the provisions for moving forward in a meeting with NRC (Headquarters and Region II staff as appropriate) at your earliest convenience. We believe that a full understanding of the IIP content and schedule is paramount to the success of this effort. Further, a mutual understanding of our common objectives is important to ensuring a consistent application of any enforcement discretion guidance.

Please contact Mr. Michael Greeno at 618-309-5005 to answer questions and to schedule future discussions.

Sincerely,



Mitch Tillman
Plant Manager

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ATTACHMENT

SUPPLEMENTAL GUIDANCE FOR USE IN EXERCISING ENFORCEMENT DISCRETION FOR THE HONEYWELL METROPOLIS PLANT CONSISTENT WITH THE HONEYWELL INTEGRATED IMPROVEMENT PLAN

1. The Integrated Improvement Plan (IIP) referenced in this EGM:
 - a) Presents the detailed plan upon which this EGM is based, including the schedule and activities related to conducting a detailed review of licensing programs, developing and implementing subsequent corrective actions, identifying gaps and necessary corrective actions for improving the Safety Culture at the Metropolis Plant, and developing and implementing a revised ISA.
 - b) Presents the inspection milestones for monitoring completion of activities that constitute the basis of this EGM.
 - c) Will be reviewed at least quarterly with the NRC.
 - d) May be modified as appropriate and after consultation with the NRC to account for emergent activities.

2. NRC Region Inspection Process
 - a) For Level IV Violations:
 - i) Problems and corrective actions will be input into the Corrective Action Program (CAP).
 - ii) No further response to NRC will be required.
 - b) The process in a) above will apply to all level IV violations (except as stated in 3.f below) whether in the scope of the IIP or not.
 - c) The inspection process will be expanded/modified to include review of the progress or completion of IIP milestone and resolution of CAP actions.
 - d) The Licensee Performance Review (LPR) process will be expanded/modified to fully consider the IIP and the provisions of this EGM.
 - e) Level IV Violations issued in 2008 will be considered during the LPR process as described in d) above.
 - f) The inspection process will return to "normal" as items/programs in the IIP are completed and in accordance with this EGM.

3. Integrated Safety Analysis (ISA)

- a) The milestones for development and implementation of a revised ISA are included in the IIP and are subject to the provisions contained herein.
- b) Honeywell Metropolis has committed to develop and implement a revised ISA according to the IIP schedule.
- c) In the interim, the following guidance will apply to the current ISA:
 - i) The analysis methodology in the current ISA will be maintained.
 - ii) The current ISA contains a cumbersome change process that results in unnecessary and costly amendments without a corresponding increase in plant safety. To address this inefficiency pending development of a revised ISA, the "Right Of Approval" process used to determine whether NRC pre-approval is required before making changes to the current ISA will be modified as follows:

NRC pre-approval will be required if MTW determines that there is a decrease in Safety and/or program effectiveness as currently exists in the ISA.

Examples of changes not requiring pre-NRC approval under the above provisions may include:

- Identification of PFAPs no longer needed (*e.g.*, discovery of inadequate conclusions in the ISA or determination that a current PFAP was never required).
 - Reduction and addition to PFAP boundaries (*e.g.*, inclusion of PFAP equipment instrumentation loops as part of the PFAP boundary).
 - Changes to wording of the ISA that meet the above approval requirements.
- iii) For changes not requiring NRC pre-approval, MTW may make the change subject to the following:
 - Documentation of the change will be made according to established MTW processes.
 - The current ISA may be revised to be consistent with the change.
 - All supporting change information will be maintained and made ready as necessary for:
 - (1) NRC inspection and review purposes.
 - (2) MTW maintenance of the ISA.

- d) Enforcement discretion will remain effective until the revised ISA is fully developed, including necessary procedures and training, and is made effective according to the IIP.
- e) Violations resulting from inadequacies or deficiencies in the current ISA will be subject to enforcement discretion and will not be cited. They will be considered in development of the revised ISA.

4. Other Licensing Documents

- a) Other Licensing Documents means those documents included by reference in License Condition 18 of the Metropolis License.
- b) As inadequacies and/or inconsistencies between the current ISA and other Licensing Documents are identified by Honeywell during development of the revised ISA, Honeywell will evaluate each item consistent with the process described in 3.d.ii above and disposition each item according to 3.d.iii.

5. Emergent Items

- a) NRC and HON MTW will discuss:
 - i) How emergent items are to be incorporated into the IIP.
 - ii) The impact of emergent items to current plans and activities.
 - iii) Whether there is a basis for granting compliance date extensions based on the provisions contained in this EGM and the IIP.