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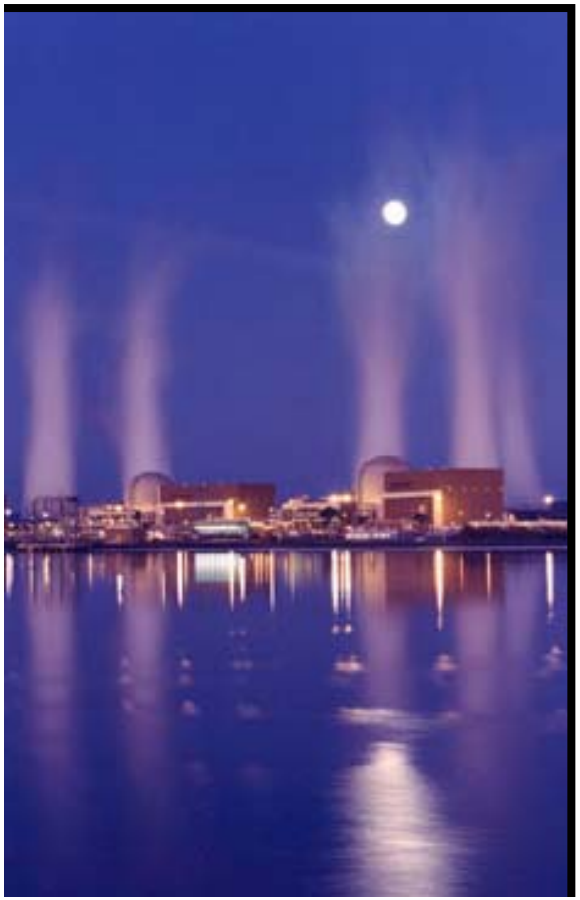

The Nuclear Renaissance: Risk to Reality

Jim Little, President

Washington Safety Management Solutions, LLC

A Nuclear Risk Management Company

We Have to Know the History to Move to the Future

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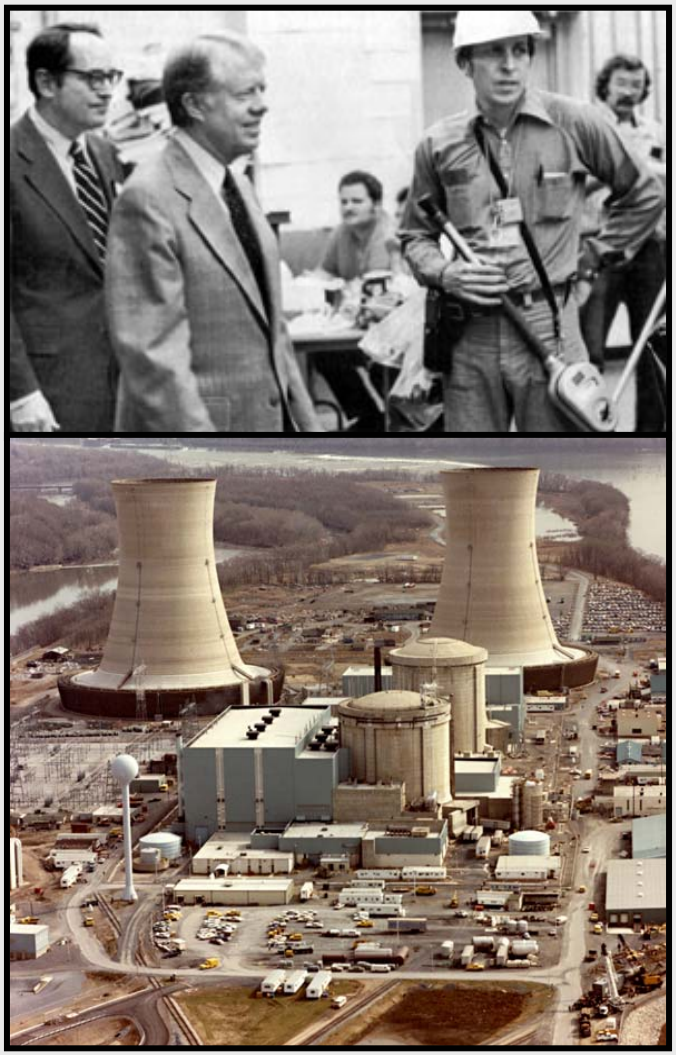

- **The 1970s**
  - **300+ nuclear plants in various stages of planning, licensing, engineering, and construction**
  - **Big "events": US Nuclear Non-Proliferation Act of 1978, Three Mile Island…**
  - **A flawed long-term business model**
    - **Cost/schedule overruns**
    - **Unpredictable regulatory process**
    - **Poorly organized and incentivized client-supplier relationships**

The Result … The 1980s and 1990s

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- **Decline in new nuclear plant investment**
  - **200 new plants never built**
- **Termination of the nation's world-leading breeder and fuel recycle programs**
- **But … ultimately a strong, safe, efficient, consolidated nuclear operations industry emerged**
  - **More disciplined operating standards**
  - **Plant efficiencies rose from ~65% to 90+%**
  - **Life extension of existing plants**
  - **Upratings**

Leading to Today

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Dr. Patrick Moore

Founder - Greenpeace

"Nuclear energy is the only large-scale, cost-effective energy source that can reduce greenhouse emissions while satisfying a growing demand for power."

- **Growing consensus that nuclear power is the economic and environmental choice**
  - **70% public support nationwide**
  - **No greenhouse gas emissions**
  - **Critical to long-term energy security**
- **2005 Energy Policy Act offers important incentives**
  - **Energy production tax credit**
  - **80% loan guarantees**
  - **"One-step" licensing (construction and operations)**
  - **Price Anderson Act renewal for plants online before 2025**

Combined Operating License and Regulatory Process are only the start of the Renaissance/Resurgence

Demand

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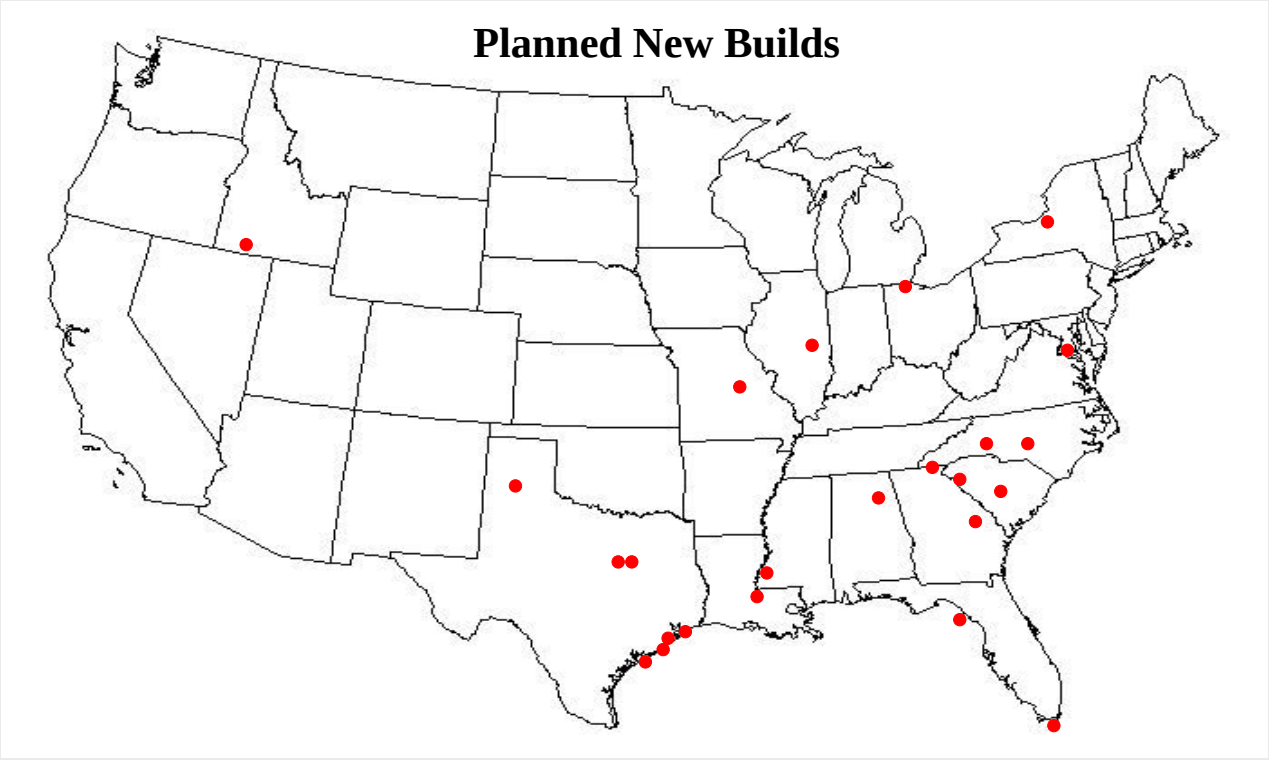
- **40% of US Population will be in SE by 2030**

- **25-30 new nuclear power plants to be built ($120 billion capital expenditure … 90% invested in SE USA)**



Dynamic US Market

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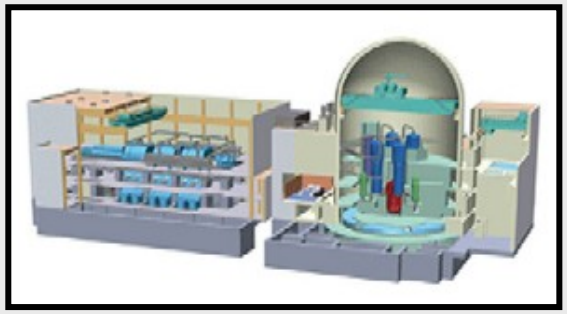

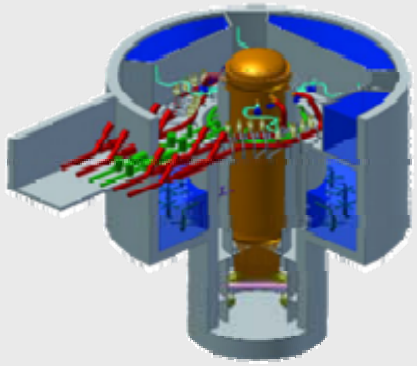

- **New entrants to the US market**
  - **Toshiba acquisition of Westinghouse**
  - **UniStar alliance based on Areva technology**
  - **GE/Hitachi joint venture**
  - **MHI US APWR**

- **Immediate focus is on barriers on how to serve this market**

Risks Ahead

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- **Clear bounding and intermediate outcome scenarios exist**
  - **One more chance to get it right**
- **Highly visible risk element**
  - **Untested licensing process**
  - **Aging workforce…war on talent**
  - **Long lead equipment**
  - **Deteriorated domestic supply base**
  - **Global competition for critical materials**
- **Ultimate outcome will be determined by how well we manage risk**

Synthesis vs. Analysis is Key

Example: Aging Workforce

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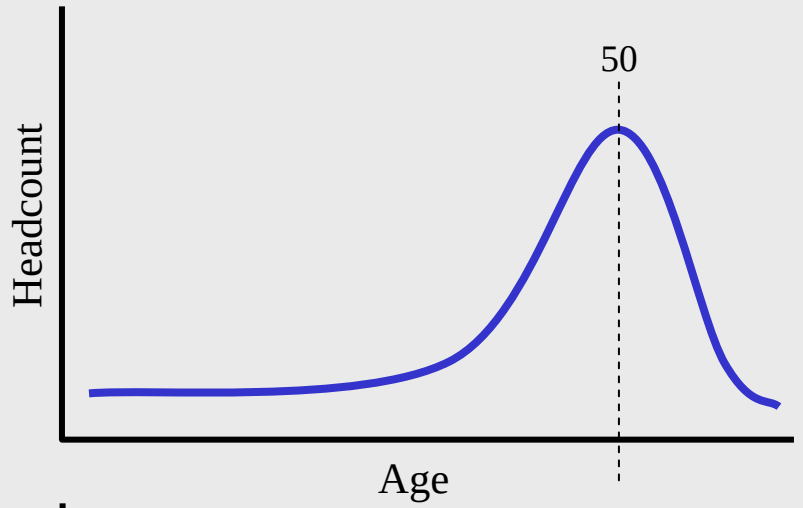
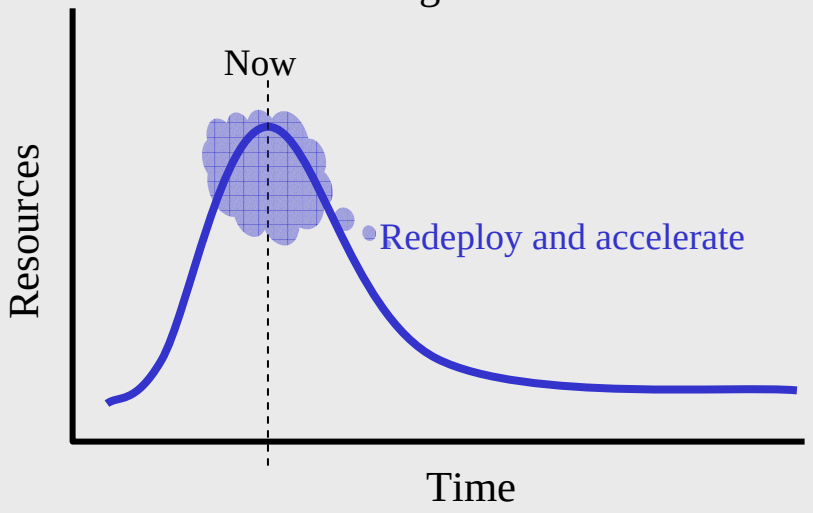
- **View Risk as Threat**
  - Hire/steal more talent
  - War on Talent
  - Critical knowledge will be lost
  - Lack of new talent entrants



- **View Risk as Opportunity**
  - We have resources now
  - Accelerate Talent Growth



Focus on starting…then build the industry

Talent Stockpile

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- **Since late 1980s, talent migrated to DOE Complex because of the challenge of complex, leading-edge projects and missions**
  - **K-Reactor restart**
  - **New Production Reactor**
  - **High level waste management**
- **Nuclear talent enriched by the DOE nuclear lifecycle experience**
- **URS Corporation is moving forward**
  - **Talent in Southeast and creating synergism among Business Units**

Fertile Crescent for New Nuclear

The Path Ahead

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- **Build upon initial success and replicate**
- **Utilize success to attract government and investor support to advance the industry**