

April 11, 2014

MEMORANDUM TO: Patricia Silva, Chief
Conversion, Deconversion
and MOX Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

FROM: Tilda Liu, Senior Project Manager **/RA/**
Conversion, Deconversion
and MOX Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

SUBJECT: SUMMARY OF FEBRUARY 21, AND MARCH 18, 2014,
TELEPHONE CONFERENCES TO DISCUSS TIME FRAME TO
REVIEW PROPOSED FINANCIAL ASSURANCE
ARRANGEMENTS, HONEYWELL METROPOLIS WORKS
TECHNICAL ASSIGNMENT CONTROL NUMBER L36036

On February 21, 2014, and March 18, 2014, at the request of Honeywell International (Honeywell or the licensee), the U.S. Nuclear Regulatory Commission (NRC) staff and representatives of Honeywell held telephone conferences to discuss Honeywell's request for an expedited NRC review regarding its proposed alternate financial assurance arrangements.

Specifically, during the teleconference held on February 21, 2014, Honeywell expressed that it plans to transition from a surety bond to a self-guarantee as the financial instrument utilized to provide decommissioning financial assurance for its Metropolis Works (MTW) facility, and that it would like to replace the existing surety bond with a self-guarantee prior to the renewal date of the existing surety (April 8, 2014). Honeywell verbally requested that the NRC consider its alternate financial assurance mechanism (the self-guarantee) on an expedited basis, prior to the expiration of its surety (April 8, 2014). The staff noted, at the time of the telephone conference, Honeywell had not provided its request regarding the aforementioned proposed change for its financial assurance mechanism. To better understand Honeywell's perspective for an expedited review, the staff asked Honeywell to provide, via email, its reason and associated background for staff's information. Following the conference call on February 21, 2014, Honeywell provided its email outlining its reasons/justifications for requesting an expedited review.

CONTACT: Tilda Liu NMSS/FCSS
404-997-4730

By letter dated February 28, 2014 (Agencywide Documents Access and Management System Accession Number ML14064A437), Honeywell provided its submittal titled, "Alternate Financial Assurance Arrangements and Final Financial Instruments," to the NRC for an expedited review within approximately 30 days. In its submittal, Honeywell stated that its supporting documentations were prepared in accordance to the guidance contained in NUREG-1757, Volume 3, Revision 1, "Consolidated NMSS Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," published in February 2012.

During the March 18, 2014, conference call, the staff expressed that, based on the preliminary screening review, Honeywell's February 28, 2014, submittal would warrant the staff's additional requests for additional information including how Honeywell has implemented the decommissioning funding rule change that became effective in 2013. Furthermore, some aspects of the documents prepared by Honeywell appear to deviate from the guidance contained in NUREG-1757, Volume 3, Revision 1. Because of these reasons, the staff indicated that the time it will take to complete the review on Honeywell's alternate financial assurance arrangements and final financial instruments, as provided by Honeywell's letter dated February 28, 2014, would be beyond the time frame when Honeywell's surety bond expires (i.e., April 8, 2014). The staff also expressed that the conduct of the review would be in accordance with NRC resources and priorities.

The telephone conferences were useful for both parties: in clarifying the intent of Honeywell's verbal and written requests, and in providing insights to Honeywell regarding the staff's perspectives. On the basis of the discussions, Honeywell representatives were able to better understand the staff's observations associated with its alternate financial assurance request. No regulatory decisions were made during the telephone conferences.

Enclosure 1 provides a list of those who participated in the telephone conferences. Enclosure 2 contains Honeywell's February 21, 2014, email to the staff in explaining its reasons for an expedited review.

Honeywell MTW has had an opportunity to review and comment on this summary.

Docket No. 40-3392
License No. SUB-526

Enclosures:

1. Participant List
2. February 21, 2014 Email from Honeywell

cc w/enclosures:

Jim Pritchett, Plant Manager, Honeywell MTW
Mark Wolf, Nuclear Compliance Director, Honeywell MTW

By letter dated February 28, 2014 (Agencywide Documents Access and Management System Accession Number ML14064A437), Honeywell provided its submittal titled, "Alternate Financial Assurance Arrangements and Final Financial Instruments," to the NRC for an expedited review within approximately 30 days. In its submittal, Honeywell stated that its supporting documentations were prepared in accordance to the guidance contained in NUREG-1757, Volume 3, Revision 1, "Consolidated NMSS Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," published in February 2012.

During the March 18, 2014, conference call, the staff expressed that, based on the preliminary screening review, Honeywell's February 28, 2014, submittal would warrant the staff's additional requests for additional information (RAIs) including how Honeywell has implemented the decommissioning funding rule change that became effective in 2013. Furthermore, some aspects of the documents prepared by Honeywell appear to deviate from the guidance contained in NUREG-1757, Volume 3, Revision 1. Because of these reasons, the staff indicated that the time it will take to complete the review on Honeywell's alternate financial assurance arrangements and final financial instruments, as provided by Honeywell's letter dated February 28, 2014, would be beyond the time frame when Honeywell's surety bond expires (i.e., April 8, 2014). The staff also expressed that the conduct of the review would be in accordance with NRC resources and priorities.

The telephone conferences were useful for both parties: in clarifying the intent of Honeywell's verbal and written requests, and in providing insights to Honeywell regarding the staff's perspectives. On the basis of the discussions, Honeywell representatives were able to better understand the staff's observations associated with its alternate financial assurance request. No regulatory decisions were made during the telephone conferences.

Enclosure 1 provides a list of those who participated in the telephone conferences. Enclosure 2 contains Honeywell's February 21, 2014, email to the staff in explaining its reasons for an expedited review.

Honeywell MTW has had an opportunity to review and comment on this summary.

Docket No. 40-3392
License No. SUB-526

Enclosures:

1. Participant List
2. February 21, 2014 Email from Honeywell

cc w/enclosures:

Jim Pritchett, Plant Manager, Honeywell MTW
Mark Wolf, Nuclear Compliance Director, Honeywell MTW

DISTRIBUTION:

FCSS r/f	JHickey, RII	KKline, FSME	DHartland, RII
LChang, FSME	MClark, OGC	LCuadrado, NMSS	

ML14086A157

OFFICE	FCSS/UEB	FCSS/CDMB	FCSS/CDMB
NAME	TBrockington	TLiu	PSilva
DATE	3/28/2014	4/9/2014	4/11/2014

OFFICIAL RECORD COPY

**LIST OF PARTICIPANTS FOR TELEPHONE CONFERENCES TO DISCUSS
TIME FRAME TO REVIEW PROPOSED FINANCIAL ASSURANCE ARRANGEMENTS
HONEYWELL METROPOLIS WORKS**

February 21, 2014

<u>NAME</u>	<u>AFFILIATION</u>
Ken Kline	NRC/FSME
Tilda Liu	NRC/NMSS
Michael Clark	NRC/OGC
Lidia Litinski	Honeywell Metropolis Works (MTW)
Tyson Smith	Honeywell MTW [Winston & Strawn]
Mark Wolf	Honeywell MTW

March 18, 2014

<u>NAME</u>	<u>AFFILIATION</u>
Ken Kline	NRC/FSME
Tilda Liu	NRC/NMSS
Michael Clark	NRC/OGC
Patricia Silva	NRC/NMSS
Lydia Chang	NRC/FSME
Mark Wolf	Honeywell MTW
Tyson Smith	Honeywell MTW [Winston & Strawn]
Michael Suriano	Honeywell
Daniel Blake	Honeywell
Michael Ferrans	Honeywell
Jacob Dau	Honeywell

Enclosure

From: [Smith, Tyson R.](#)
To: [Liu, Tilda](#)
Cc: [Mark A. Wolf \(mark.wolf@honeywell.com\)](mailto:mark.wolf@honeywell.com);
[Clark, Michael](#); [Reddick, Darani](#)

Subject: Honeywell - Expedited Review of Alternate
Financial Assurance Mechanism

Date: Friday, February 21, 2014 4:22:39 PM

Tilda,

Thank you for the opportunity to discuss Honeywell's plans to transition from a surety bond to a self-guarantee as the financial instrument used to provide decommissioning financial assurance for the Metropolis Works facility. Honeywell's fiscal year ended on 12/31/13 and its annual financial report was finalized and made public on 2/14/14. We contacted you as soon as we became aware that Honeywell might meet the NRC's financial test for a self-guarantee. Based on the financial data in the final annual report, Honeywell is in fact eligible to use a self-guarantee to provide the decommissioning financial assurance required under 10 CFR 40.36. Honeywell is preparing the documentation necessary for the self-guarantee based on the guidance in NUREG-1757 and will be using the model language in the guidance to prepare the supporting documents. We do not anticipate taking any exceptions or deviating from the model language.

Honeywell would like to replace the existing surety bond with a self-guarantee prior to the renewal date of the existing surety (April 8, 2014) because renewing the surety would result in Honeywell incurring substantial costs that could be avoided by use of a self-guarantee. Our current plan is to submit the executed financial assurance instruments for a self-guarantee at the beginning of March. We recognize that NRC review and approval of the self-guarantee is necessary before Honeywell/NRC can cancel the surety. We are therefore requesting that the NRC consider our alternate financial assurance mechanism (the self-guarantee) on an expedited basis (i.e., within approximately 30 days). While this would be an accelerated review, we believe that it should be relatively straightforward since we will be using the model language in NUREG-1757 and compliance with the financial test is evident based on the data/calculations in the financial test provided with our submittal. In addition, we note that we were unable to accelerate our submittal -- therefore leaving more time for the NRC review prior to the surety renewal date -- because the trigger for Honeywell's eligibility to use a self-guarantee is the end of the fiscal year (12/31/13) and audited financial statements (2/14/14). The supporting documents, such as the auditor's report and reconciling statements, could not be completed until the 2013 financial statements were final.

We appreciate your consideration of our request and look forward to a continued dialogue on the timing of the review process. We would appreciate any feedback on the possibility of an expedited review so that we can plan accordingly (including having discussions with the issuer). In the meantime, if you have any questions or would like to discuss our submittal or your review process, please let me know.

Thanks,
Tyson

Tyson R. Smith

Partner

Winston &

Strawn LLP D:

+1 (415) 591 -

6874

[Bio](#) | [VCard](#) | [Email](#) | winston.com

WINSTON
& STRAWN

Enclosure 2

