

UNITED STATES NUCLEAR REGULATORY COMMISSION

HONEYWELL INTERNATIONAL, INC.

DOCKET NO. 40-3392

HONEYWELL METROPOLIS WORKS

ENVIRONMENTAL ASSESSMENT AND FINDING OF

NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (NRC) is considering issuance of an exemption from 10 CFR 30, Appendix C, for Materials License No. SUB-456, issued to Honeywell International, Inc. (Honeywell or the licensee), for operation of the Honeywell Metropolis Works, located in Metropolis, Illinois. As required by 10 CFR 51.21, the NRC has prepared this environmental assessment and finds that granting the exemption request will have no significant impact.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

The proposed action would allow Honeywell an extension of a one-year exemption, previously granted by NRC via letter dated May 11, 2007, from a portion of the financial test in 10 CFR 30, Appendix C, which requires that Honeywell's year end tangible net worth be equal to at least ten times its total decommissioning liabilities. The exemption granted by NRC allowed Honeywell to include goodwill in the determination of tangible net worth and was contained in License Condition (LC) -27 in its Materials License No. SUB-526 renewed on May 11, 2007. The proposed action is in accordance with the licensee's application dated April 11, 2008, as supplemented by letter dated May 15, 2008.

The Need for the Proposed Action:

The proposed action would allow Honeywell an extension of a previously approved exemption from the same portion of the financial test in 10 CFR 30, Appendix C, until of the earlier occurrence of (1) May 11, 2009, or (2) the effective date of a final rule amending 10 CFR Part 30 consistent with the proposed rule published in the *Federal Register* on January 22, 2008.

Since May 26, 1994, Honeywell has provided a corporate self-guarantee as financial assurance for decommissioning as required by 10 CFR Part 30 Appendix C (as made applicable by 10 CFR Part 40.36 (e)(2)). However, in a letter dated November 3, 2006, Honeywell notified NRC that it was unable to meet the tangible net worth part of the financial test as required by 10 CFR Part 30 Appendix C. The regulations require, among other things, that the licensees have tangible net worth of at least 10 times the decommissioning obligation. Honeywell's tangible net worth no longer meets the 10 to 1 ratio test, which means that absent an exemption, it would no longer be eligible to use the self-guarantee. The regulations require that Honeywell provide alternate financial assurance within 120 days after notifying the NRC that it is no longer qualified to use the self-guarantee.

In a letter dated December 1, 2006, Honeywell submitted a request under the provisions of 10 CFR 40.14 for an exemption from 10 CFR 30, Appendix C, that it be allowed to include goodwill in the determination of tangible net worth for the purpose of the ratio test. On May 11, 2007, NRC approved the renewal of Honeywell Materials License No. SUB-456 and documented its review in a Safety Evaluation Report (SER) enclosed with the renewed license. In Section 11.5 of this SER, Honeywell was granted a one-year exemption from the tangible net worth portion of the financial test which is stipulated in 10 CFR Part 30 Appendix C, Section II. This exemption allowed Honeywell to use goodwill in its calculation of net worth. This exemption was granted based on many factors that were documented in the SER including Honeywell's

bond rating of "A" as assigned by Standard & Poor's. The SER outlined that a company with an "A" bond rating had a relatively low probability of default, and that this default rate was almost non-existent during any given one-year time period.

As Honeywell's one-year exemption expired on May 11, 2008, Honeywell seeks to extend this exemption until the earlier of (1) May 11, 2009 (i.e., an additional one year period) or (2) the effective date of a final rule amending 10 CFR Part 30 consistent with the proposed rule published in the *Federal Register* on January 22, 2008.

Environmental Impacts of the Proposed Action:

The NRC has completed its safety evaluation of the proposed action and concludes the proposed action to be acceptable. The details of the staff's safety evaluation will be provided in the exemption that will be issued as part of the letter to the licensee approving the exemption request dated April 11, 2008.

The proposed action will not significantly increase the probability or consequences of accidents. No changes are being made in the types of effluents that may be released off site. There is no significant increase in the amount of any effluent released off site. There is no significant increase in occupational or public radiation exposure. Therefore, there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential non-radiological impacts, the proposed action does not have a potential to affect any historic sites. It does not affect non-radiological plant effluents and has no other environmental impact. Therefore, there are no significant non-radiological environmental impacts associated with the proposed action. Accordingly, the NRC concludes that there are no significant environmental impacts associated with the proposed action.

Environmental Impacts of the Alternatives to the Proposed Action:

As an alternative to the proposed action, the staff considered denial of the proposed action (i.e., the "no-action" alternative). Denial of the application would result in additional

licensee resources being expended on the alternate financial assurance methods which would increase the likelihood that funds for decommissioning will not be available when needed.

Alternative Use of Resources:

The action does not involve the use of any different resources than those previously considered in the Environmental Assessment for Renewal of NRC License No. SUB-526 for the Honeywell Specialty Materials Metropolis Work Facility, dated June 30, 2006.

Agencies and Persons Consulted:

On August 6, 2008, the staff consulted with the Illinois State official, Gerald Steele of the Illinois Environmental Protection Agency, regarding the environmental impact of the proposed action. The State official had no comments.

FINDING OF NO SIGNIFICANT IMPACT

On the basis of the environmental assessment, the NRC concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the NRC has determined not to prepare an environmental impact statement for the proposed action.

FURTHER INFORMATION

For further details with respect to the proposed action, see the licensee's letter dated April 11, 2008, as supplemented on May 15, 2008. Documents may be examined, and/or copied for a fee, at the NRC's Public Document Room (PDR), located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room on the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS should contact the NRC PDR Reference staff at 1-800-397-4209, or 301-415-4737, or send an e-mail to [pdr@nrc.gov](mailto:pdr@nrc.gov).

Dated at Rockville, Maryland, this 22<sup>nd</sup> day of August 2008.

FOR THE NUCLEAR REGULATORY COMMISSION

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