

June 7, 2010

Mr. Larry A. Smith  
Plant Manager, Honeywell Metropolis Works  
Honeywell International, Inc.  
P.O. Box 430  
Highway 45 North  
Metropolis, IL 62960

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION REGARDING CALENDAR YEAR  
2009 UPDATE TO DECOMMISSIONING COST ESTIMATE, HONEYWELL  
METROPOLIS WORKS (TAC NO. L32748)

Dear Mr. Smith:

The U.S. Nuclear Regulatory Commission's (NRC's) staff has reviewed the January 8, 2010, submittal provided by Honeywell International regarding the Decommissioning Cost Estimate (DCE) as of calendar year 2009, for the required decommissioning activities at its Metropolis Works (MTW) facility. Honeywell provided the January 8, 2010, DCE submittal to update the previous site Reclamation Cost estimate which was submitted to the NRC on January 10, 2007, and approved by the NRC on July 12, 2007. The staff's review of the proposed DCE update contained in January 8, 2010, submittal has identified that additional information is needed before a final decision can be taken.

Your response to the request for additional information, specified in the enclosure, should be provided to the NRC within 15 business days from the date of this letter. This timeframe has been agreed upon between the NRC staff and the Honeywell MTW representatives during the telephone conference held on June 2, 2010.

In accordance with Title 10 of the *Code of Federal Regulations* 2.390 of the NRC's Rules of Practice, a copy of this letter will be available electronically from the Publicly Available Records component of NRC Agencywide Document Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions regarding this action, please contact me at (301) 492-3217 or via e-mail at [Tilda.Liu@nrc.gov](mailto:Tilda.Liu@nrc.gov).

Sincerely,

**/RA/**

Tilda Y. Liu, Senior Project Manager  
Advanced Fuel Cycle, Enrichment,  
and Uranium Conversion Branch  
Special Projects and Technical  
Support Directorate  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Enclosure: Request for Additional Information

Docket No.: 40-3392

License No.: SUB-526

cc: Michael Greeno, Nuclear Regulatory Affairs Manager  
Honeywell Metropolis Works  
P.O. Box 430  
Highway 45 North  
Metropolis, IL 62960

If you have are any questions regarding this action, please contact me at (301) 492-3217 or via e-mail at [Tilda.Liu@nrc.gov](mailto:Tilda.Liu@nrc.gov).

Sincerely,

**/RA/**

Tilda Y. Liu, Senior Project Manager  
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cc: Michael Greeno, Nuclear Regulatory Affairs Manager  
Honeywell Metropolis Works  
P.O. Box 430  
Highway 45 North  
Metropolis, IL 62960

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REQUEST FOR ADDITIONAL INFORMATION  
REGARDING JANUARY 8, 2010, DECOMMISSIONING COST ESTIMATE UPDATE  
FOR CALENDAR YEAR 2009  
HONEYWELL METROPOLIS WORKS

RAI 1

Section A.3.1.2, Estimated Decommissioning Costs, of NUREG-1757, Volume 3, "Consolidated NMSS Decommissioning Guidance - Financial Assurance, Recordkeeping, and Timeliness," published in September 2003, recommends that "[e]stimated costs should...provide sufficient funds to allow an independent third party to assume responsibility for and carry out the decommissioning of the facility if the licensee is unable to do so." [page A-27]

In Honeywell's January 8, 2010, Decommissioning Cost Estimate (DCE) submittal, Section 4.0, 2009, Decommissioning Cost Estimation Methods, the staff noted that there is no statement included in the assumptions whether all labor costs are based on the costs of an independent third party contractor, as shown in Table 4-1, Decommissioning Cost Summary - Honeywell Facility [page 17]. The licensee is requested to clarify whether the overhead and fee increments have been applied to labor costs for the Honeywell oversight and licensing. Additionally, the licensee is requested to indicate if all labor costs are based on the costs of an independent third party contractor, and if not, the licensee is requested revise the cost estimate so that costs are based on the costs of an independent third party contractor. Furthermore, Appendix A-8, Instrument Lease Charges, Table A-8, contains instrument and equipment costs; the licensee is requested to provide clarification whether the leasing of such instruments and equipment is based on third-party costs and the bases for these costs.

RAI 2

Section A.3.1.3, Key Assumptions, of NUREG-1757 recommends that "[t]he cost estimate should clearly state that it does not take credit for any salvage value that might be realized from the sale of potential assets (e.g., recovered materials or decontaminated equipment) during or after decommissioning." [page A-29]

Honeywell's January 8, 2010, DCE, Section 1.3, Assumptions and Bases, stated that "Uncontaminated processing equipment may have intrinsic value for use at another plant, or sold for salvage during decommissioning. No cost was included for demolition of this equipment, and no salvage value credit taken for this equipment." Based on this statement, it is unclear whether any or no credit is taken for any salvage value that might be realized from the sale of potential assets other than "Uncontaminated processing equipment" (such as, but not limited to, recovered materials or decontaminated equipment) during or after decommissioning. The licensee is requested to clarify if any or no credit is taken for any salvage value.

RAI 3

Section A.3.1.2, Estimated Decommissioning Costs, of NUREG-1757 recommends that "[e]stimated costs should be based on reasonable and documented assumptions..." [page A-27].

Section 4.3.2, Waste Processing/Burial Costs, of the January 8, 2010, DCE states the following: “[C]urrent waste processing and burial costs were evaluated for soils. Typical unit disposal cost factors based on current 2009 market conditions were found to be \$0.20 per pound instead of the \$0.50 per pound previously used. The unit cost of \$0.20 per pound was used for all higher density site waste streams which will be sent for waste processing at Studsvik.”

The staff noted that the assumption concerning the cost of soil processing and disposal is particularly significant, given the substantial increase from 2006 to 2009, in the estimated amount of soil requiring disposal as described in DCE. In January 8, 2010, DCE, Section 3.4.4, Outdoor Areas, Drains & Sewers, the licensee stated that, based on the 2009 characterization work,

A significant volume of impacted soil was identified beyond the volume estimated in the 2006 Report...Overall, the additional impacted soil volume for plant areas (P-1 through P-25 ) identified in this decommissioning cost estimate based on the 2009 characterization is estimated to be 853,332 cubic feet... Similarly, the additional impacted soil volume for non-plant areas (P-26 and NP-1 through NP-5) identified in this decommissioning cost estimate based on the 2009 characterization is estimated to be 153,897 cubic feet.

The licensee is requested to explain the basis for the reduction from \$0.50 to \$0.20 in the estimated unit cost for processing and burial of higher density waste streams, including impacted soils.

#### RAI 4

Section A.3.2 of NUREG-1757 indicates that a licensee should specify in its Decommissioning Funding Plan a means for adjusting the cost estimate and associated funding levels over the life of the facility, and the method must be determined by the U.S. Nuclear Regulatory Commission (NRC) to be adequate. Section 4.7 of the DCE states that: “The cost escalation methodology specified in NUREG-1307 Revision 13 was utilized to calculate a cost escalation factor to account for inflation.” NUREG-1307, “Report on Waste Burial Charges: Changes in Decommissioning Waste Disposal Costs at Low-Level Waste Burial Facilities,” Revision 13, dated November 2008, provides a formula on page iii: “that is acceptable to the NRC for determining the minimum decommissioning fund requirements for nuclear power plants.”

The licensee is requested to explain its use of the NUREG-1307 in calculating a cost escalation factor to account for inflation, and the basis/rationale for its use of the NUREG-1307 process, so that NRC may make a determination concerning its adequacy.