

March 28, 2012

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

SUBJECT: RESPONSE TO REQUEST TO REINSTATE SELF-GUARANTEE AS A METHOD
OF PROVIDING FINANCIAL ASSURANCE, HONEYWELL METROPOLIS WORKS

Dear Mr. Smith:

By letter dated March 8, 2011 (Agencywide Documents Access and Management System [ADAMS] Accession Number ML110680249), you requested that the U.S. Nuclear Regulatory Commission (NRC) reinstate Honeywell's self-guarantee prior to the expiration of the surety bond currently used to provide decommissioning financial assurance. The self-guarantee to which you refer was a method Honeywell previously used to provide the financial assurance required by Title 10 of the *Code of Federal Regulations* (10 CFR) 40.36(e) for its Metropolis Works facility.

For the period May 11, 2007, through May 11, 2009, the NRC staff granted Honeywell consecutive one-year exemptions that allowed Honeywell to provide financial assurance by using a variant of the self-guarantee in Appendix C of 10 CFR Part 30. On December 11, 2009, the staff denied a third exemption request Honeywell filed, which would have covered the period May 11, 2009 through May 11, 2010.

Honeywell appealed the NRC's denial decision to the U.S. Court of Appeals for the District of Columbia Circuit. In December 2010, the Court remanded the case to the NRC for further action. When you submitted your March 8, 2011 letter, the NRC staff had not yet reached a decision in response to the Court's remand order. In your letter, you state that Honeywell seeks reinstatement of its self-guarantee until the NRC reaches its decision. You explain that:

If the NRC ultimately grants the license amendment, then the reinstated self-guarantee would simply remain in place. If the NRC denies the license amendment, Honeywell would then have 120 days to put in place an alternate financial assurance mechanism.

As you are aware, on April 25, 2011 the NRC staff issued its decision in response to the Court's remand order. The staff again denied Honeywell's 2009 exemption request. Because you sought reinstatement of Honeywell's self-guarantee only until the NRC reached a decision on remand, this meant that, as of April 25, 2011, your request for reinstatement was moot.

In any event, your request that the NRC "reinstate" Honeywell's self-guarantee does not correspond to any licensing action the staff had previously taken with respect to Honeywell. The NRC staff did not previously direct Honeywell to provide financial assurance through a self-guarantee or through any other specific method.

Rather, the staff granted exemptions that gave Honeywell the option of using a variant of the Appendix C self-guarantee as a financial assurance method. In the event Honeywell decides to seek a new exemption—the licensing action that previously allowed Honeywell to provide financial assurance through a variant of the self-guarantee method—you may submit such a request in accordance with NRC regulations.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC's Public Document Room or from the Publicly Available Records System component of NRC's ADAMS. ADAMS is accessible from the NRC's Web site at <http://www.nrc.gov/reading-rm/adams.html> (The Public Electronic Reading Room).

If there are any questions regarding this action, please contact Mr. Jack Sulima, NRC Project Manager for Honeywell, at 301-492-3180, or via e-mail to John.Sulima@nrc.gov. You may also contact Ms. Tilda Liu, NRC Backup Project Manager for Honeywell, at 301-492-3217, or via e-mail to Tilda.Liu@nrc.gov.

Sincerely,

/RA/

Marissa G. Bailey, Deputy Director
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

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

cc: Mr. Michael Greeno
Nuclear Regulatory Affairs Manager
Honeywell Metropolis Works
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Marissa G. Bailey, Deputy Director
Division of Fuel Cycle Safety
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Office of Nuclear Material Safety
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Nuclear Regulatory Affairs Manager
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