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August 13, 2013

U. S. Nuclear Regulatory Commission
Office of the Chief Financial Officer
Division of Financial Management
License Fee Team Mailstop T9 E10
Washington, DC 20555-0001

TYSON R. SMITH
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Re: **Fee Dispute – Invoice No. LFB 13-4946**
Honeywell International Inc.
Metropolis Works Facility (SUB-526), Docket No. 40-3392:

I am writing on behalf of Honeywell International Inc., which operates the Metropolis Works uranium conversion facility in Metropolis, Illinois. On July 25, 2013, the NRC sent Invoice Number LFB 13-4946 in the amount of \$881,389.50 to Honeywell. The invoice for Part 170 fees is for the period from March 24, 2013 through June 29, 2013.

In accordance with 10 C.F.R. § 15.31, Honeywell is disputing a portion of the invoice within the period provided by rule. In brief, some of the activities for which the NRC assessed fees in LFB 13-4946 fall outside the categories of fees that the NRC is authorized to charge to individual licensees under 10 C.F.R. Part 170. As a result, the fees should not be specifically allocated to Honeywell.

Honeywell is in receipt of the NRC's response, dated April 24, 2013, to an earlier letter disputing a portion of invoice LFB 13-2061, dated January 24, 2013. In that letter, the NRC stated that the exclusion in 10 C.F.R. § 170.31, note 2, did not apply to Honeywell's circumstances. In a letter from Honeywell to the NRC, dated May 17, 2013, Honeywell explained its basis for disagreeing with the NRC's rationale and conclusions. In the May 17 letter, Honeywell also disputed a portion of invoice LFB 13-3439. Honeywell has not to date received a response to its May 17 letter.

In order to preserve the option of seeking judicial review for the entirety of the fees charged to Honeywell for activities involving the amendments in the Confirmatory Order, Honeywell is disputing a portion of invoice LFB 13-4946. Rather than repeat the detailed explanation of our position provided previously, Honeywell specifically incorporates by reference the background, rationale, and basis for the fee dispute included in the letters from

myself to the NRC, dated February 22 and May 17, 2013, regarding LFB 13-2061 and LFB 13-3439, respectively. A summary of the basis for the fee dispute with a portion of LFB 13-4946, as well as a detailed listing of the specific fees being challenged, is provided below.

Fee Dispute

Basis for Dispute

Honeywell is disputing the charges on its 2Q 2013 invoice (LFB 13-4946), dated July 25, 2013, for the NRC activities involving amendments associated with the Confirmatory Order issued to Honeywell on October 15, 2012 (ADAMS Accession No. ML12289A800). That Order directs Honeywell to take a number of actions at MTW (specified as Items 1-6 in Section IV). Under the NRC's fee regulations, these activities are specifically excluded, by rule, from the Part 170 fees and therefore should not be specifically allocated to Honeywell.

Note 2 of 10 C.F.R. § 170.31 states that “[f]ees will not be charged for orders related to civil penalties or other civil sanctions issued by the Commission under 10 CFR 2.202 or for amendments resulting specifically from the requirements of these orders.” Here, Section IV of the Order issued to Honeywell specifically invokes 10 C.F.R. § 2.202.¹ Section IV also amends the MTW license (SUB-526). The Order constitutes a civil sanction by imposing specific enforceable obligations. Consequently and under the plain meaning of the NRC's regulation, the fees resulting from NRC reviews associated with the amendments in the Confirmatory Order should not be charged to Honeywell.²

Fees Being Disputed

Honeywell is disputing fees for both technical reviews and inspection activities that relate to the amendments imposed by the Order. Attachment 1 provides a detailed list, by line, of those charges being disputed. A summary of the disputed charges is below:

¹ Section IV of the Confirmatory Order states: “Accordingly, pursuant to Sections 61, 63, 161b, 161i, 161o, 182 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 40, IT IS HEREBY ORDERED THAT LICENSE NO. SUB-526 IS MODIFIED AS FOLLOWS:”

² Additional discussion in note 2 supports this conclusion. Note 2 explains: “for orders *unrelated to ... civil sanctions*, fees will be charged for any resulting licensee-specific activities not otherwise exempted.” This implies that, for orders related to civil sanctions — like the Order issued to Honeywell — fees will not be charged for the resulting licensee-specific activities, such as the NRC's licensing and inspection activities.

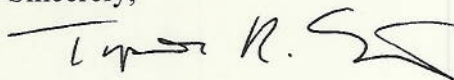
Licensing Activities				
TAC/IR Number	TAC/IR Name	Regular Hours	Non-Regular Hours	Total Costs
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	1617.00	73.00	\$463,060.00 ✓

Inspection Activities				
TAC/IR Number	TAC/IR Name	Regular Hours	Non-Regular Hours	Total Costs
2013001/04003392	2013001/04003392	8.00	0	\$2,192.00 ✓
2013002/04003392	2013002/04003392	7.50	0	\$2,055.00 ✓
2013003/04003392	2013003/04003392	871.00	60.75	\$255,299.50 ✓
2013004/04003392	2013004/04003392	5.50	0	\$1,507.00 ✓

Summary of Disputed Fees	
Licensing Fees	\$463,060.00 ✓
Inspection Fees	\$261,053.50 ✓
TOTAL DISPUTE	\$724,113.50 ✓

Although the fees in dispute are only a portion of what NRC has invoiced Honeywell in LFB 13-4946, Honeywell has nevertheless submitted the full invoice payment to the NRC's fee and accounts receivable office pending a final determination of the amount of the debt. As a result, we would appreciate your prompt review of this matter. Separately, we believe that it would be beneficial at this time to discuss this matter by telephone or in person to assist in understanding the basis for the fee dispute and your response. During that discussion, we could also explore whether there are alternative methods to address the issues raised in our letters. I will contact the persons identified in your earlier correspondence to arrange such a discussion. In the meantime, if you have any questions, please contact me at trsmith@winston.com or (415) 591-6874.

Sincerely,



Tyson Smith
Counsel for Honeywell International Inc.

cc: Larry Smith, MTW Plant Manager
Mark Wolf, MTW Nuclear Compliance Director
Michael Ferrans, General Counsel – Fluorine Products

ATTACHMENT 1 - List of Disputed Fees

TAC/IR Number	TAC/IR Name	Payment Period End Date	Regular Hours	Non-Regular Hours	Hour Rate	Hourly Costs	Contract Costs	Total Costs
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	6-Apr-2013	250.75	8.50	\$274.00	\$71,034.50	\$0.00	\$71,034.50
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	20-Apr-2013	196.25	9.25	\$274.00	\$56,307.00	\$0.00	\$56,307.00
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	4-May-2013	190.50	4.50	\$274.00	\$53,430.00	\$0.00	\$53,430.00
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	18-May-2013	224.00	11.75	\$274.00	\$64,595.50	\$0.00	\$64,595.50
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	1-Jun-2013	218.50	6.50	\$274.00	\$61,650.00	\$0.00	\$61,650.00
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	15-Jun-2013	267.25	14.75	\$274.00	\$77,268.00	\$0.00	\$77,268.00
L32788	HONEYWELL - RESOLUTION OF ERP BASES AND RESPONSES	29-Jun-2013	269.75	17.75	\$274.00	\$78,775.00	\$0.00	\$78,775.00

Inspection Report Details

TAC/IR Number	TAC/IR Name	Payment Period End Date	Regular Hours	Non- Regular Hours	Hour Rate	Hourly Costs	Contract Costs	Total Costs
2013001/04003392	2013001/04003392	4-May-2013	3.00	0.00	\$274.00	\$822.00	\$0.00	\$822.00
2013001/04003392	2013001/04003392	15-Jun-2013	5.00	0.00	\$274.00	\$1,370.00	\$0.00	\$1,370.00
2013002/04003392	2013002/04003392	6-Apr-2013	7.50	0.00	\$274.00	\$2,055.00	\$0.00	\$2,055.00
2013003/04003392	2013003/04003392	6-Apr-2013	58.75	0.00	\$274.00	\$16,097.50	\$0.00	\$16,097.50
2013003/04003392	2013003/04003392	20-Apr-2013	196.25	12.25	\$274.00	\$57,129.00	\$0.00	\$57,129.00
2013003/04003392	2013003/04003392	4-May-2013	119.00	9.00	\$274.00	\$35,072.00	\$0.00	\$35,072.00
2013003/04003392	2013003/04003392	18-May-2013	227.00	23.50	\$274.00	\$68,637.00	\$0.00	\$68,637.00
2013003/04003392	2013003/04003392	1-Jun-2013	93.00	0.00	\$274.00	\$25,482.00	\$0.00	\$25,482.00
2013003/04003392	2013003/04003392	15-Jun-2013	142.00	16.00	\$274.00	\$43,292.00	\$0.00	\$43,292.00
2013003/04003392	2013003/04003392	29-Jun-2013	35.00	0.00	\$274.00	\$9,590.00	\$0.00	\$9,590.00
2013004/04003392	2013004/04003392	18-May-2013	0.50	0.00	\$274.00	\$137.00	\$0.00	\$137.00
2013004/04003392	2013004/04003392	29-Jun-2013	5.00	0.00	\$274.00	\$1,370.00	\$0.00	\$1,370.00