

WINSTON & STRAWN LLP

BEIJING
CHARLOTTE
CHICAGO
GENEVA
HONG KONG
HOUSTON
LONDON
LOS ANGELES

101 CALIFORNIA STREET
SAN FRANCISCO, CALIFORNIA 94111

+1 (415) 591-1000

FACSIMILE +1 (415) 591-1400

www.winston.com

MOSCOW
NEW YORK
NEWARK
PARIS
SAN FRANCISCO
SHANGHAI
WASHINGTON, D.C.

February 21, 2014

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
Partner
(415) 591-6874
trsmith@winston.com

Re: **Fee Dispute – Invoice No. LFB 14-1691**
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 January 24, 2014, the NRC sent Invoice Number LFB 14-1691 in the amount of \$130,134.00 to Honeywell. The invoice for Part 170 fees is for the period from September 22, 2013 through December 28, 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 14-1691 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 responses, dated April 24, 2013, September 3, 2013, and October 9, 2013, to earlier fee disputes involving the same set of circumstances. Honeywell continues to believe that the NRC is incorrectly applying its fee regulations in 10 C.F.R. § 170.31. 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 14-1691. 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, 2013, May 17, 2013, August 13, 2013, and November 21, 2013, regarding LFB 13-2061, LFB 13-3439, LFB 13-4946, and LFB 14-0391, respectively. A summary of the basis for the fee dispute with a portion of LFB 14-1691, 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 4Q 2013 invoice (LFB 14-1691), dated January 24, 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 and by amending the MTW license. 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 technical reviews that relate to the amendments imposed by the Order. Although the fees in dispute are only a portion of what NRC has invoiced Honeywell in LFB 14-01691, 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. The disputed charges are listed below by TAC/IR Number:

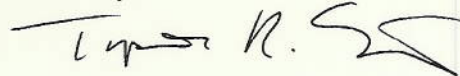
¹ Section IV of the Confirmatory Order states: “Accordingly, pursuant to Sections 61, 63, 161b, 161i, 161o, 182 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 40, IT IS HEREBY ORDERED THAT LICENSE NO. SUB-526 IS MODIFIED AS FOLLOWS:”

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
L36026	HONEYWELL – REVIEW REVISED ISA SUMMARY SUBMITTAL FOR CONFIRM	219.25	3.5	\$60,588

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: James Pritchett, MTW Plant Manager
Mark Wolf, MTW Nuclear Compliance Director
Michael Ferrans, General Counsel – Fluorine Products