

June 30, 2015

Mr. Thomas A. Szlosek
Senior Vice President
and Chief Financial Officer
Honeywell Corporate
Honeywell International, Inc.
101 Columbia Road
Morristown, NJ 07962-0300

SUBJECT: SELF-GUARANTEE FINANCIAL TEST TO DEMONSTRATE FINANCIAL
ASSURANCE FOR DECOMMISSIONING FUNDING FOR FISCAL YEAR
ENDING IN 2014, HONEYWELL METROPOLIS WORKS (TAC NO. L34316)

Dear Mr. Szlosek:

By letter dated March 27, 2015 (Agencywide Documents Access and Management System [ADAMS] Accession No. ML15090A165), Honeywell Inc. (Honeywell) provided a letter in support of its use of the self-guarantee financial test to demonstrate financial assurance for U.S. Nuclear Regulatory Commission (NRC) review and verification for its Metropolis Works (MTW) facility located in Metropolis, Illinois.

Title 10 of the *Code of Federal Regulations* (10 CFR), Part 30, Appendix C, provides the relevant regulatory criteria relating to the use of financial tests and self-guarantee for providing reasonable assurance of funds for decommissioning. Specifically, 10 CFR 30 Appendix C II.B.(3) states:

After the initial financial test, the company must annually pass the test and provide documentation of its continued eligibility to use the self-guarantee to the Commission within 90 days after the close of each succeeding fiscal year.

By letter dated September 24, 2014 (ADAMS Accession No. ML14230A255), the NRC verified and accepted Honeywell's change in the financial assurance arrangement which included a self-guarantee and supporting documentation as decommissioning financial assurance for its MTW facility. In this letter, the NRC staff noted that Honeywell's transition from surety bond to self-guarantee was acceptable for the remainder of the respective fiscal year. The NRC staff further noted that, in order to continue to utilize the self-guarantee, Honeywell must annually pass the self-guarantee financial assurance test and provide documentation of its continued eligibility to use the self-guarantee to the NRC within 90 days after the close of each fiscal year. The NRC's letter, dated September 24, 2014, was in response to Honeywell's letters dated February 27 and 28, 2014 (ADAMS Accession Nos. ML14064A440 and ML14064A439, respectively). In these letters, Honeywell stated that its self-guarantee provided the necessary financial assurance to address the NRC-approved decommissioning cost estimate (DCE), and provided the executed self-guarantee, self-guarantee financial test, and other supporting

documentation for NRC review and verification. Honeywell's most recent DCE was submitted by letter dated January 8, 2013 (ADAMS Accession No. ML13029A103). The DCE was in the amount of \$197,354,356, which was reviewed and approved by the NRC on July 23, 2013 (ADAMS Accession No. ML13191A901).

In its submittal dated March 27, 2015, Honeywell stated that the current cost estimates or certified amounts for decommissioning for its MTW facility, through self-guarantee, is \$197,354,356. Honeywell's latest completed fiscal year ended on December 31, 2014.

The NRC staff reviewed the following items provided by Honeywell for conformance to NRC regulations and guidance contained in NUREG-1757, Volume 3, Revision 1, "Consolidated NMSS Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," published in February 2012:

1. Letter from Chief Financial Officer (CFO) including applicable self-guarantee financial test;
2. Report of independent accountants regarding the audited consolidated financial statements for the year ended December 31, 2014; and
3. Licensee's annual report for the year ended December 31, 2014.

Based on the review of the aforementioned documents, the NRC staff has determined that Honeywell, as of December 31, 2014, had:

- (1) Tangible net worth at least \$21 million;
- (2) Assets located in the United States at least 10 times the current decommissioning cost estimate for decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor;
- (3) At least one class of equity securities registered under the Securities and Exchange Act of 1934;
- (4) A current rating for its most recent unsecured bond insurance of A as issued by Standard & Poor's; and
- (5) A tangible net worth at least 10 times the current decommissioning cost estimate for which the company is responsible as a self-guaranteeing licensee and as a parent guarantor.

As a result, the NRC staff finds that Honeywell satisfactorily meets the requirements for its annual self-guarantee financial test for the fiscal year ending on December 31, 2014, and therefore, concludes that Honeywell presently meets the regulatory requirements to provide financial assurance for decommissioning.

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

If you have any questions, please contact Ms. Tilda Liu at (404) 997-4730, or via e-mail to Tilda.Liu@nrc.gov.

Sincerely,

/RA/

Thomas A. Grice, Chief
Enrichment and Conversion Branch
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety
and Safeguards

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

cc: J. Pritchett, Honeywell
M. Wolf, Honeywell

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If you have any questions, please contact Ms. Tilda Liu at (404) 997-4730, or via e-mail to Tilda.Liu@nrc.gov.

Sincerely,

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Thomas A. Grice, Chief
Enrichment and Conversion Branch
Division of Fuel Cycle Safety, Safeguards,
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Office of Nuclear Material Safety
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Docket No. 40-3392
License No. SUB-526

cc: J. Pritchett, Honeywell
M. Wolf, Honeywell

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