



**GE Corporate
Environmental Programs**

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Philip Ting, Chief
Fuel Cycle Licensing Branch
US Nuclear Regulatory Commission
Mail Stop T-8A33
Washington, D.C. 20555

40-8907

**Subject: Church Rock Financial Surety Requirement
Source Materials License SUA-1475**

Dear Mr. Ting:

I am writing on behalf of United Nuclear Corporation, holder of source materials license SUA-1475. License condition No. 25 requires that United Nuclear Corporation provide an annual update of the surety amount, and maintain an NRC approved surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10. This letter transmits the annual update as Attachment 1. It is recommended that the surety amount be increased from \$1,468,787 to \$1,736,906.

We maintained the surety bond from April 6, 2000 to April 6, 2001 in the amount of \$1,772,728 that was set in 1999. Due to the negligible difference between the previous surety amount and the slightly lesser amount calculated in this update, we plan to extend the surety bond in the amount of \$1,772,728 until April 6, 2002. I will forward a copy of the bond to you as soon as I receive the reissued certificate.

As of September 1997 United Nuclear Corporation became a wholly-owned, indirect subsidiary of General Electric Company. GE Corporate Environmental Programs has been retained through a separate administrative services agreement to assist United Nuclear both technically and administratively with environmental issues at the Church Rock site. Please contact me if you have any questions.

Sincerely,

Roy S. Blickwedel
Remedial Project Manager

cc: Stephen Cline, GE
Larry Bush, UNC
Ken Hooks, NRC (via fax)
NRC Region IV

NmSSOIPublic



**ATTACHMENT 1
PROPOSED SURETY CALCULATION**

Evaporation pond decommissioning	\$	367,289
Well plugging	\$	20,612
Construction supervision	\$	83,272
Seepage cleanup	\$	456,000
Total Direct Reclamation Cost		\$927,174
Inflation 3.53%)		\$32,729
Contingency (15%)		\$139,076
Long-term surveillance (\$616,176 from 2000 adjusted @ 3.53% inflation)		\$637,927
TOTAL SURETY		\$1,736,906

NOTES:

1. The evaporation pond decommissioning costs increased from \$269,930 in 1998 to \$356,384 reflecting a 1999 cost estimate prepared by UNC on 3/17/99. Factoring inflation from 1999-2000 yielded a base cost of \$367,289 going forward.
2. Well plugging costs decreased from \$300,000 in 1999 to \$20,000 with the abandonment of 183 wells that took place in 1999. Factoring inflation from 1999-2000 yielded a base cost of \$20,612 going forward.
3. Construction supervision is changed from the year 2000 value (\$80,800) to \$83,272 to account for 1999-2000 inflation.
4. The consumer price index for all urban consumers has increased 3.53% between February 2000 through February 2001.
5. Seepage cleanup estimates have increased from \$265,000 in 2000 to \$456,000 as the result of increased groundwater quality monitoring and the development of ACLs.