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January 10, 2005

U. S. Nuclear Regulatory Commission  
 Gary Janosko, Chief  
 Fuel Cycle Licensing Branch, FCSS  
 c/o Document Control Desk  
 U. S. Nuclear Regulatory Commission  
 Washington, D.C. 20555

Subject: License Amendment Request  
 Source Materials License SUA-1475  
 Financial Surety



Dear Mr. Janosko:

United Nuclear Corporation (UNC) requests an amendment to Source Materials License SUA-1475, Condition 25 to change the date of submitting annual surety updates from March 31 to October 31. This request is made because UNC conducted a detailed rebaselining of its reclamation costs at NRC's request in between the normal annual review cycle. Based on the NRC's October 27, 2004 acceptance of UNC's re-baselined financial surety estimate, UNC suggests that October 31 should be the date of the revised annual review cycle. The revised surety bond was transmitted to NRC on November 15, 2004.

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 UNC both technically and administratively with environmental issues at the Church Rock site.

**Existing Conditions**

- 25. The licensee shall maintain an NRC-approved approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination of the mill and mill site, reclamation of any tailings or waste disposal areas, ground-water restoration as warranted, and the long-term surveillance fee.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC by March 31 of each year. Along with each

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proposed revision of the surety amount or annual update, the licensee shall submit supporting documentation showing a breakdown of costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure. The basis for the cost estimate is the NRC-approved revisions to the plan. The attachment to this license entitled, "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates," outlines the minimum considerations used by the NRC in the review of site closure cost estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

The licensee's currently approved surety, a performance bond issued by the Federal Insurance Company of New Jersey, in favor of the NRC, shall be continuously maintained in an amount of no less than \$1,736,906 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC. The licensee shall maintain a standby trust for the benefit of the NRC. The current standby trust is administered by the Bank of New York.

"The licensee shall also continuously maintain financial assurance in favor of the United States Environmental Protection Agency, in an amount no less than \$2,000,000. Such financial assurance may be provided by one or more of the method set forth at 10 CFR 40 and 40 CFR 264, Subpart H, including use of a Financial Test and Parent Company Guarantee. The licensee shall inform the NRC of any changes to financial assurance within 30 days of such change. The amount of this financial assurance shall not be reduced without prior NRC approval."

### **Justification**

License Condition 25 requires UNC to update its surety annually by March 31 of every year. For the past several years the adjustments have reflected some relatively minor changes to the license, the gradual progress made towards groundwater restoration and reclamation, and the inclusion of inflation adjustments. However, because of the length of time since a comprehensive analysis of reclamation was undertaken and the changes that have occurred with the performance of the groundwater corrective action program, NRC requested in a June 10, 2004 letter that a "rebaselined" estimate be provided.

In keeping with the requirement to submit annual updates, it would be appropriate to change the date of future annual surety updates to be in step with the mid-term surety adjustment that was made in November 2004. The proposed amendment therefore changes the March 31 reporting date to October 31. The proposed amendment also reflects the adjusted surety amount that was approved by the NRC staff in a letter dated October 27, 2004. The surety amount has been changed from \$1,736,906 to \$2,693,991.

### **Proposed Amendment Text**

25. The licensee shall maintain an NRC-approved approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination of the mill and mill site, reclamation of any tailings or waste disposal areas, ground-water restoration as warranted, and the long-term surveillance fee.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC by October 31 of each year. Along with each proposed revision of the surety amount or annual update, the licensee shall submit supporting documentation showing a breakdown of costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure. The basis for the cost estimate is the NRC-approved revisions to the plan. The attachment to this license entitled, "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates," outlines the minimum considerations used by the NRC in the review of site closure cost estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

The licensee's currently approved surety, a performance bond issued by the Federal Insurance Company of New Jersey, in favor of the NRC, shall be continuously maintained in an amount of no less than \$2,693,991 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC. The licensee shall maintain a standby trust for the benefit of the NRC. The current standby trust is administered by the Bank of New York.

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Please contact me if you have any questions.

Sincerely,



Roy S. Blickwedel  
Remedial Project Manager  
Corporate Environmental Programs

cc Larry Bush  
William von Till  
Mark Purcell