



One North Central Avenue, Phoenix, AZ 85004 • (602) 366-7826
Fax: (602) 366-7313

William E. Cobb
Director, Environment Department

40-1162

March 30, 2005

United States Nuclear Regulatory Commission
Attn: Mr. Gary Janosko
Mail Stop 8 – F42
Washington, DC 20555-001

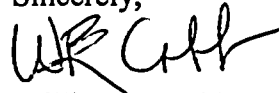
Dear Mr. Janosko,

On behalf of our subsidiary, Western Nuclear, Inc. Split Rock Facility located at 22 Ore Road Jeffrey City, Fremont County, Wyoming, Phelps Dodge Corporation submits the following documentation to satisfy the financial assurance requirements as specified in Parent Company Guarantee for Decommissioning Activities, License SUA-56;

1. Letter from the Chief Financial Officer;
2. Copy of Phelps Dodge Corporation's 2004 Annual Report and Form 10-K, which includes a copy of the independent certified public accountant's report on page 91; and
3. A special report from the independent certified public accountant (per 10 CFR 30, Appendix A II.B), including the Company's Schedule of Tangible Net Worth and U.S. Assets.

Should you have any questions regarding the enclosed documents, please call me at 602-366-7826.

Sincerely,


William E. Cobb

Enclosures



One North Central Avenue, Phoenix, AZ 85004 • (602) 366-8178
Fax: (602) 366-7321

Ramiro G. "Ramey" Peru
Senior Vice President
and Chief Financial Officer

United States Nuclear Regulatory Commission
Attn: Mr. Gary Janosko
Mail Stop 8-F42
Washington, DC 20555-001

Dear Mr. Janosko:

I am the chief financial officer of Phelps Dodge Corporation (the "Company") located at One North Central Avenue, Phoenix, Arizona 85004, a New York corporation. This letter is in support of the Company's use of the financial test to demonstrate financial assurance using a parent company guarantee as specified in NRC's 1988 *Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities* ("Technical Position").

The Company guarantees, through a parent company guarantee submitted to demonstrate compliance under 10 CFR Part 40, including Appendix A, and the above-mentioned NRC Technical Position, the decommissioning of the following facility owned and for operated by a subsidiary of this Company. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for such facility:

<u>Name and Location Facility</u>	<u>License Number</u>	<u>Certified Amounts or Current Cost Estimates</u>
Western Nuclear, Inc. Split Rock Facility 22 Ore Road Jeffrey City, Fremont County, Wyoming 82310	SUA-56	\$12,279,018

This Company is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this Company's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 2004. A copy of the Company's most recent financial statements is enclosed:

PARENT COMPANY GUARANTEE FINANCIAL TEST II

1. Current decommissioning cost estimates or certified amounts
- a. Decommissioning amounts covered by this parent company guarantee \$ 12,279,018
- b. All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees \$ -0-
- c. All amounts covered by parent company guarantees, self-guarantees or financial tests of other Federal or State agencies \$357,710,410
- TOTAL** \$369,989,428
2. Current bond rating of most recent unsecured issuance of this firm
Rating Baa2
Name of rating service Moody's
3. Date of issuance of bond March 4, 2004
4. Date of maturity of bond March 15, 2034
- *5. Tangible net worth** (if any portions of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$4,789,400,000
- *6. Total assets in United States (required only of less than 90 percent of firm's assets are located in the United States) \$5,134,100,000

- | | YES | NO |
|---|---------------|---------------|
| 7. Is line 5 at least \$20 million? | <u>X</u> | <u> </u> |
| 8. Is line 5 at least 6 times line 1? | <u>X</u> | <u> </u> |
| 9. Are at least 90 percent of the firm's assets located in the United States? If not, complete line 10. | <u> </u> | <u>X</u> |
| 10. Is line 6 at least 6 times line 1? | <u>X</u> | <u> </u> |


11. Is the rating specified on line 2 "BBB"
or better (if issued by Standard & Poor's)
or "Baa" or better (if issued by Moody's)?

X

* Denotes figures derived from financial statements.

** Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.



R.G. Peru, ~~Senior~~ Vice-president and
Chief Financial Officer *Executive*

Date: March 29, 2005