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Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
US Nuclear Regulatory Commission
11545 Rockville Pike
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Rockville, MD 20852-2738

April 29, 2005

Subject: Church Rock Financial Surety Requirement, Source Materials License no. SUA-1475

40-8907

Dear Mr. Janosko:

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.

This year, the update follows closely on the heels of a comprehensive, re-baselining of the surety requirement that was: requested by NRC in a June 10, 2004 correspondence, submitted by UNC in a September 1, 2004 correspondence, and approved by NRC in an October 27, 2004 correspondence. The updated financial surety was transmitted in my November 15, 2004 correspondence to you. The conditions of the re-baselined surety calculation have not changed from the September 2004 submittal. Therefore, the only proposed change to the surety amount takes into account the 0.45% increase in the consumer price index for all urban consumers from October 2004 through February 2005. It is recommended that the surety amount be increased from \$2,693,991 to \$2,706,238.

I will forward a copy of the bond to you as soon as I receive the reissued certificate rider.

By this letter UNC is also withdrawing a license amendment request to change the reporting date for the annual financial surety from March 31st to October 31st. This license amendment request was submitted on behalf of UNC by my letter dated January 10, 2005. The purpose of the request was to bring the annual reporting schedule in line with the re-baselined estimate; however with this annual update the benefit of the request no longer exists. UNC proposes that future annual updates be continued on March 31st.

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: Roger Florio, GE
Larry Bush, UNC
Bill vonTill, NRC (via fax)
NRC Region IV