



**Kennecott Uranium Company**  
 Sweetwater Uranium Project  
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13 July 2005

Mr. Gary Janosko, Chief  
 Fuel Cycle Facilities Branch  
 Division of Fuel Cycle Safety and Safeguards  
 Office of Nuclear Material Safety and Safeguards – Mail Stop T-8 A33  
 11545 Rockville Pike  
 Rockville, Maryland 20852-2738

Dear Mr. Janosko:

**Subject: Docket Number: 040-08584 - Source Materials License: SUA-1350  
 License Condition 9.7 - Surety Submittal**

Enclosed please find Kennecott Uranium Company's annual surety update required by License Condition 9.7, which is due on or before July 30 of each year, pursuant to License Condition 9.7.

The new proposed bond amount is \$8,012,000.00. This amount is based upon an adjustment for inflation according to the Consumer Price Index (CPI) for All Urban Consumers of the surety amount stated in License Condition 9.7 of SUA-1350. The facility continues to remain on standby. Its operational status has not changed since the previous surety submittal dated May 25, 2004 that was included within the *Request for a Ten (10) Year License Renewal*. The May 25, 2004 surety submittal was an updated/rebaselined surety submittal calculated based upon current costs and decommissioning and reclamation requirements.

The current approved surety amount of \$7,793,000.00 is only being increased in accordance with the Consumer Price Index (CPI) for All Urban Consumers. The following values are being utilized to revise the surety amount:

**Consumer Price Index (CPI) for All Urban Consumers**

May 2004	189.1
May 2005	194.4

The following is the revision calculation:

$$(194.4 - 189.1) / 189.1 = 0.028 \times 100\% = 2.80\%$$

$$(\$7,793,000) \times (1.028) = \$8,011,204.00$$

The above value rounded up to the nearest thousand dollars results in a new proposed surety amount of \$8,012,000.00.

Attached to this letter please find a copy of the Consumer Price Index – All Urban Consumers dated July 13, 2005. If you have any questions please do not hesitate to contact me.

Sincerely yours,

Oscar Paulson  
 Facility Supervisor  
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cc: Stephen Cohen (2 copies)  
 Director, DRSS, Region IV  
 Roger Strid  
 Jack Welch  
 Shelley Schutterle

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