

..13 July 2005

Kennecott Uranium Company Sweetwater Uranium Project Post Office Box 1500 Rawlins. Wyoming 82301-1500 Phone (307) 328-1476 Fax (307) 324-4925

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.

Oscar Paulson
Facility Supervisor

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cc: Stephen Cohen (2 copies)

Director, DRSS, Region IV

Roger Strid Jack Welch

Shelley Schutterle

Consumer Price Index - All Urban Consumers

CUUR0000SA0 Series Id: Not Seasonally Adjusted

Area: U.S. city average Item: All items Base Period: 1982-84=100

Year	Jan	Feb:	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1995	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5	152.4	151.5	153.2
1996	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6	156.9	155.8	157.9
1997	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3	160.5	159.9	161.2
1998	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9	163.0	162.3	163.7
1999	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3	166.6	165.4	167.8
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0	172.2	170.8	173.6
2001	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7	177.1	176.6	177.5
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9	179.9	178.9	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3	184.0	183.3	184.6
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3	188.9	187.6	190.2
2005	190.7	191.8	193.3	194.6	194.4										