



12 July 2006

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 \$8,349,000.00. 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 remains on standby. Its operational status has not changed since the previous surety submittal dated July 13, 2005. In addition, the facility's operating status has not changed since the May 25, 2004 surety submittal included in the Request for a Ten (10) Year License Renewal, which updated/rebaselined the surety based upon current costs and decommissioning and reclamation requirements.

The current approved surety amount of \$8,012,000.00 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 2005	194.4
May 2006	202.5

The following is the revision calculation:

$$(202.5 - 194.4) / 194.4 = 0.042 \times 100\% = 4.2\%$$

$$(8,012,000) \times (1.042) = \mathbf{\$8,348,504}$$

The above value rounded up to the nearest thousand dollars results in a new proposed surety amount of \$8,349,000.00.

Attached to this letter please find a copy of the Consumer Price Index – All Urban Consumers dated July 11, 2006. If you have any questions please do not hesitate to contact me.

Sincerely yours,

Oscar Paulson
Facility Supervisor

cc: Stephen Cohen (2 copies)
Director, DRSS, Region IV
Marty Stearns
Jack Welch



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Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0 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
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	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	193.2	197.4
2006	198.3	198.7	199.8	201.5	202.5										

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U.S. Bureau of Labor Statistics
 Postal Square Building
 2 Massachusetts Ave., NE
 Washington, DC 20212-0001

Phone: (202) 691-5200
 Fax-on-demand: (202) 691-6325
 Data questions: blsdata_staff@bls.gov
 Technical (web) questions: webmaster@bls.gov
 Other comments: feedback@bls.gov