



Smith Ranch - Highland
Uranium Project
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January 11, 2007

Paul Michalak
U.S. Nuclear Regulatory Commission
Uranium Processing Section
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety and Safeguards
Two White Flint North
11545 Rockville Pike
Rockville, MD 20852-2738

RE: Revision of Power Resources, Inc. Sureties (Bonds).

Dear Paul,

At the request of the NRC, Power Resources, Inc. (PRI) has revised our current sureties for the Smith Ranch and Highland operating ISL facilities and our Reynolds Ranch, North Butte, Gas Hills and Ruth development or standby facilities. Enclosed please find a CD for the above listed sites containing the surety revisions. The NRC has asked PRI to up-date our current sureties to reflect values in 2006 dollars. Up-dating cost related line items was the primary focus of this revision. Each surety is revised annually to include operational changes and future expansion targets for the upcoming year. These revisions are completed at different times of the year for each surety. PRI will continue to revise all the sureties on their scheduled annual renewal date.

Presented on the enclosed CD are three file folders.

1. Current Bonds.

These excel spreadsheets represent the sureties in their current status.

2. Working Copy.

These spreadsheets represent the changes that were made to the current sureties. The values/line items highlighted in red are the items PRI evaluated when starting the revision process. The values/line items highlighted in maroon were changed with new values inserted. In the review process some line items were removed and are so noted on the worksheets.

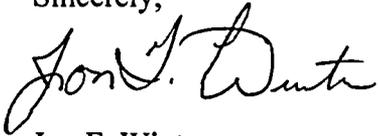
3. Revised Bonds.

These spreadsheets represent the final revised sureties derived from the changes depicted on the working copy spreadsheets.



As a result of up-dating our sureties to current (2006) dollars, PRI removed the CPI escalator that was applied to all sureties. The CPI escalator was applied to adjust the surety to current year's costs. The majority of the sureties were last up-dated in 1998, thus the CPI escalator was as high as 24%. As expected, the removal of the CPI escalator had a significant impact on the larger sureties and a lesser impact on the smaller sureties. Over all, the adjusted sureties exhibit changes one would expect to see. The larger sureties (Smith Ranch & Highland) exhibited a lower final value. The smaller sureties increased as the CPI escalator represented a smaller portion of the final value. If you have any questions please feel free to contact me at 307-358-6541, ex 62 or via email at jwinter@vcn.com.

Sincerely,

A handwritten signature in cursive script that reads "Jon F. Winter".

Jon F. Winter
Sr. EH&S Systems Coordinator

CC: Steve Collings – PRI Denver
C.F. Foldenauer
J.McCarthy
File: 4.6.1