

Kennecott Uranium Company
42 Miles NW of Rawlins
P.O. Box 1500
Rawlins, WY 82301-1500
USA
T +1 (307) 328 1476
F +1 (307) 324 4925

25 July 2011

Mr. Keith McConnell, Deputy Director
Decommissioning and Uranium Recovery Licensing Directorate
U.S. Nuclear Regulatory Commission
Mail Stop T-7E18
Washington, DC 20555-0001

Dear Mr. McConnell:

**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 as required by License Condition 9.7, being due on or before July 30 of each year.

The new proposed bond amount is \$10,687,000.00. This amount is based upon an adjustment for inflation according to the Consumer Price Index (CPI) for All Urban Consumers of the current 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. The surety was updated/rebaselined, based upon current costs and decommissioning and reclamation requirements, in 2009.

The current approved surety amount of \$10,318,000.00 is only being increased as the result of change in 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 2010	218.178
May 2011	225.964

The following is the revision calculation:

$$(225.964 - 218.178) / 218.178 = 0.0357 \times 100\% = \mathbf{3.57\%}$$

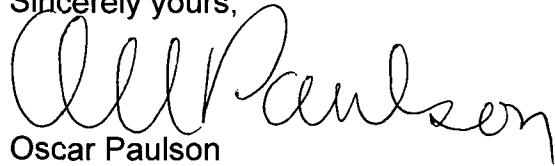
$$(10,318,000) \times (1.0357) = \mathbf{\$10,686,213}$$

The above value rounded up to the nearest thousand dollars results in a new proposed surety amount of \$10,687,000.00.

The Consumer Price Index (CPI) for All Urban Consumers is historically applied from May of the previous year to May of the current year for the Sweetwater Uranium Project. Attached to this letter please find a copy of the "Consumer Price Index – All Urban Consumers".

If you have any questions please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink that reads "Oscar Paulson". The signature is written in a cursive style with a large, prominent initial "O".

Oscar Paulson
Facility Supervisor

cc: James Webb (2 copies)
Director, DMSS, Region IV
Rich Atkinson
Julie Mok

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Change Output Options: From: 2001 To: 2011 **GO**

include graphs

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Data extracted on: July 18, 2011 (6:07:33 PM)

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

Download: [.xls](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
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	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	200.6	202.6
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036	207.342	205.709	208.976
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	215.303	214.429	216.177
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949	214.537	213.139	215.935
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056	217.535	218.576
2011	220.223	221.309	223.467	224.906	225.964	225.722								223.598	

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