

From: Webb, James
Sent: Wednesday, July 31, 2013 3:51 PM
To: Augustus, Reginald
Subject: RE: Kennecott Uranium Company Surety Update (SUA-1350)

Thanks Reggie

From: Augustus, Reginald
Sent: Wednesday, July 31, 2013 3:47 PM
To: Webb, James
Cc: Chang, Lydia; Kline, Kenneth
Subject: Kennecott Uranium Company Surety Update (SUA-1350)

Jim,

On July 30, 2013, you requested assistance with the review of Kennecott Uranium Company's (Kennecott) annual surety update for Kennecott's Source Materials License SUA-1350. As required by License Condition 9.7, "The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs.... Annual updates to the surety amount required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC at least three (3) months prior to the anniversary date (October 30) of the approved surety arrangement." By letter dated July 10, 2013, Kennecott proposes to increase its surety from \$10,870,000 to \$11,018,000 due to "the result of change in the Consumer Price Index" from May 2012 through May 2013. The proposed bond amount does not include a re-baselining which is completed every five years. The last re-baselining was completed in 2009. The facility is currently on standby. The operational status of the facility has been unchanged since the last surety submittal. Based on data provided by the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U) was 229.815 as of May 2012, and 232.945 as of May 2013. Based on these figures, CPI-U increased 1.36%. Kennecott's revised calculation incorporated the 1.36% as well as rounding up to the nearest thousand dollars. Therefore, the proposed surety amount is acceptable. Based on discussions with NRC's site project manager, upon approval of the revised surety amount, Kennecott will submit to NRC a copy of the new bond certificate rider.

Please feel free to contact me with any additional questions.

Thanks,

Reggie