

February 12, 2014

Mr. Josh Leftwich
Director of Radiation Safety
and Licensing
Cameco Resources
2020 Carey Avenue
Suite 600
Cheyenne, WY 82001

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION – 2013-2014 FINANCIAL
ASSURANCE ESTIMATE FOR CAMECO RESOURCES RUTH SATELLITE
FACILITY – SOURCE MATERIALS LICENSE SUA-1548 (TAC J00661)

Dear Mr. Leftwich:

By letter dated December 26, 2013, Power Resources, Inc., doing business as Cameco Resources (Cameco), submitted its annual financial assurance estimate for the Ruth satellite facility to the U.S. Nuclear Regulatory Commission (NRC) staff for review and approval. The NRC staff accepted the surety update for review on January 15, 2014 (see Agencywide Documents Access and Management System Accession No. ML14015A128). Upon reviewing this submittal, the NRC staff has identified several items that require further clarification in order for the staff to complete its review. The NRC staff's comments are contained in the enclosure.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

J. Leftwich

2

If you have any questions regarding this matter, please contact me at (301) 415-0724, or by e-mail, at Douglas.Mandeville@nrc.gov.

Sincerely,

R/A

Douglas T. Mandeville, Project Manager
Uranium Recovery Licensing Branch
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 40-8964
License No.: SUA-1548

Enclosure:
Request for Additional Information

cc: M. Taylor, WDEQ

J. Leftwich

2

If you have any questions regarding this matter, please contact me at (301) 415-0724, or by e-mail, at Douglas.Mandeville@nrc.gov.

Sincerely,

R/A

Douglas T. Mandeville, Project Manager
Uranium Recovery Licensing Branch
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 40-8964
License No.: SUA-1548

Enclosure:
Request for Additional Information

cc: M. Taylor, WDEQ

DISTRIBUTION: BSpitzberg/RIV LGersey/RIV DPersinko

ML14041A075

OFC	DWMEP	DWMEP	DWMEP	DWMEP	DWMEP
NAME	DMandeville	SAchten	LChang	BVonTill	DMandeville
DATE					

OFFICIAL RECORD COPY

**Request for Additional Information for
2013-2014 Annual Financial Assurance Update for Cameco's
Ruth Satellite Facility**

Request for Additional Information (RAI) 1

Description of Deficiency

As currently presented, the cost estimate does not adequately differentiate between contractor profit, overhead, and mobilization.

Basis for Request

License Condition 9.5 to Source Materials License SUA-1596, in part, requires:

The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criterion 9, adequate to cover the estimated reclamation and closure costs, if accomplished by a third party, for all existing operations and any planned expansions or operational changes for the upcoming year...Along with each proposed revision or annual update of the surety, the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency...

Additionally, NUREG-1569 states that “[o]verhead costs for labor and equipment and contractor profit may be calculated as separate items or loaded into hourly rates...[i]f included in hourly rates, the unit costs must identify the percentages applied to each area....All costs (unit and total) are to be estimated on the basis of third party, independent contractor costs (include overhead and profit in unit costs or as a percentage of the total).”

Formulation of RAI

Staff requests that Cameco clarify its subsequent decommissioning cost estimates to differentiate between overhead, contractor profit, and mobilization.

The cost estimate includes contractor profit and overhead costs based on recommendations from the Wyoming Department of Environmental Quality (WDEQ) Guideline 12, which recommends that a line item for contractor profit, overhead, and mobilization costs be added to the cost estimate in the amount of 10 percent. Although WDEQ Guideline 12 recommends using 10 percent for contractor profit, overhead, and mobilization costs, staff recommends that the licensee revise or justify its decommissioning cost estimate as necessary to reflect all mobilization, overhead costs, and contractor profit and thereby ensure that the cost estimate accurately reflects the third-party cost of decommissioning.

Enclosure

RAI 2**Description of Deficiency**

As currently structured, the cost estimate does not appear to include a minimum 15 percent contingency.

Basis for Request

10 CFR Part 40, Appendix A, Criterion 9(b)(1)(ii) requires that cost estimates include an adequate contingency factor. Consistent with License Condition 9.5, page C-4 of Appendix C in NUREG-1569 states the following:

The licensee should include a contingency amount to the total cost estimate for the final site closure. The staff considers a 15-percent contingency to be an acceptable minimum amount.

The Total Decommissioning and Reclamation Cost Estimate table contains two lines under the sub-heading "Contingency." One of the lines is labeled "Project Management + Miscellaneous Costs (25%)." The cost estimate does not provide any further description of these cost elements. The second line is labeled "Contractor Profit + Overhead + Mobilization Costs (10%)." Because project management, miscellaneous costs, contractor profit, overhead, and mobilization costs represent anticipated costs for specific decommissioning cost elements, these costs cannot be considered contingency costs, which are *unforeseen* costs.

Formulation of RAI

Staff requests that the licensee include a contingency equaling at least 15 percent of the total cost estimate, or provide adequate justification to support the proposed approach.

RAI 3**Description of Deficiency**

Staff has identified several missing unit costs, assumptions, and references.

Basis for Request

NUREG-1569, Appendix C, page C-1 states that "...the licensee shall supply sufficient information for the [NRC] to verify that the amount of coverage provided by the financial assurance will permit the completion of all decontamination, decommissioning, and reclamation of sites, structures, and equipment used in conjunction with facility operation. . . . Unit costs, calculations, references, assumptions, equipment and operator efficiencies, et cetera, must be provided."

Formulation of RAI

The following unit costs, references, and assumptions require clarification:

- The Building Demolition and Disposal table indicates that there are six tanks/vessels and an injection manifold remaining on the site with a cost estimate of \$8,000. Staff cannot verify the accuracy of this component of the cost estimate without details such as the size and construction material of the tanks. Please provide this information so staff can verify this portion of the cost estimate.
- The cost estimate relies on the assumed percentage (10 percent) of waste that will need to be disposed of at a NRC-licensed facility. The estimate includes a note at the end of the Building Demolition and Disposal Table that states: “Based on radiation surveys conducted by Pathfinder Mines Co. during October-November 2001.” Please confirm that the information obtained during these surveys remains accurate.
- The Building Demolition and Disposal Table and the Evaporation Pond Decommissioning Table include an assumption that “...environmental and personnel monitoring (TLD) not required, based on NRC regulations and ambient levels of radiation on-site.” Please identify the regulation that is used as the basis for this assumption.
- The Building Demolition and Disposal Table and the Evaporation Pond Decommissioning Table contain unit cost data that are not cited to a source:
 - “Rental Rate” for radiation survey equipment is quoted at \$250 per week, and
 - “Ra-226 Analytical” for analyzing soil samples is quoted at \$100 per sample.

Staff requests that the licensee identify the bases for these unit cost estimates.

- The reference for “Discing, Seeding, Mulching, \$/acre” costs are inconsistent between the Evaporation Pond Decommissioning Table and the Misc. Surface Reclamation Table. The Evaporation Pond Decommissioning Table states that the source for “Discing, Seeding, Mulching, \$/acre” costs are the Smith Ranch-Highland 2010 actual costs, whereas the Misc. Surface Reclamation Tables states that the source for “Discing, Seeding, Mulching, \$/acre” costs are the Smith Ranch-Highland 2008 actual costs. Staff requests that the licensee update the cost estimate to reflect more recent data (i.e., cost data from 2013 or 2014).