



December 8, 2014

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**2014 Annual Report Responses to 2014-2015 Surety Bond Comments,
Smith Ranch – Highland Uranium Operation
Cameco Resources; Permit No. 633
NRC License SUA-1548 (TAC J00731)**

Gentlemen:

Power Resources, Inc. d/b/a Cameco Resources (Cameco) received joint comments in letters dated November 10, 2014 from Wyoming Department of Environmental Quality – Land Quality Division (LQD) and the Nuclear Regulatory Commission (NRC) on the 2014-2015 Smith Ranch surety estimate submitted in the 2014 Annual Report. Enclosed are the joint comments from the NRC/LQD and responses from Cameco.

Corrections identified and costs that were reviewed have resulted in a net decrease in the total Smith Ranch-Highland surety for the 2014-2015 of \$1,172,600 to an overall total estimate of \$212,252,900 compared to the original submitted surety in the 2014 Annual Report of \$213,425,500. The decrease is primarily from lower equipment costs obtained from the Equipment Watch Rental Rate Blue Book: Volume 1 for 2014. Attached are CDs with the

CAMECO RESOURCES

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updated SR-REYR FINAL 2014-2015 Surety Estimate, Rev 2 and the updated HIGHLAND FINAL 2014-2015 Surety Estimate, Rev 2.

Please contact me at 307-358-6541, ext. 476 or email to Kenneth_Garoutte@cameco.com if you need further information.

Respectfully,



Ken Garoutte
Manager of Safety, Health, Environment, Quality

KG/kg

Attachments: Responses to comments
 Revised 2014-2015 surety estimate, CD

Cc: File SR 4.3.3.1 File SR 4.6.4.1
 Document Control Desk, NRC CERTIFIED MAIL # 7013 1090 0001 7751 3306

Ec: Cameco – Casper

Xc: LQD Cheyenne Files

**2014 Annual Report Surety Estimate Joint Review by NRC/WDEQ-LQD
Cameco Resources; Permit No. 633
NRC License SUA 1548**

Cameco Resources (Cameco) received joint comments from the NRC and WDEQ-LQD in letters dated November 10, 2014 on the 2014 Annual Report 2014 - 2015 surety estimate submitted July of 2014. Below are the comments and responses from Cameco.

1. *During its review, the NRC/LQD staff identified potential inconsistencies or errors in the spreadsheet calculations: (NRC RAI #1)*

- a. *For the Highland estimate, sheet entitled "GWR WF", Page 1 of 2, the total ground water sweep and reverse osmosis costs do not appear to include the Mine Unit (MU) J-extension columns.*

Cameco Response: Cameco has confirmed the error and has made the correction in the spreadsheet page "GWR WF" in the revised Highland Estimate attached.

- b. *For the Smith Ranch estimate, sheet entitled "WF REC", the wellfield road reclamation costs do not appear to include data from columns S, T U, V, and W.*

Cameco Response: Cameco has confirmed the error and has made the correction in the spreadsheet page "WF REC" in the revised Smith Ranch Estimate attached.

2. *The NRC/LQD staff requests that Cameco: (i) revise the cost estimate using more recent labor cost data; or (ii) justify the continued use of labor rates from 2012. (NRC RAI #2)*

Cameco Response: The attached revised surety estimates have incorporated adjusted costs for labor. A CPI Escalator of 1.02% for 2014 was used to estimate current costs.

3. *The NRC/LQD staff recognizes that changes to Cameco's water balance for Smith Ranch may be the reason for the changes in the restoration period. The NRC/LQD staff requests that Cameco either: (i) explain or justify the changes to the restoration period; or (ii) revise the estimate using the restoration period from the previously approved estimate. (NRC RAI #3)*

Cameco Response: Cameco's revised water balance, dated May 30, 2014, was used to identify restoration periods to apply in the surety estimate. The time frames changed due to adjustments

in the installations of deep injection wells #7 and #8, installation of a pipeline to network deep injection wells, the future use of irrigator #1, and the addition of one new wellfield, MU-10 ext.

4. *During its review, the NRC/LQD staff identified potential inconsistencies related to utility costs in the spreadsheet calculations: (NRC RAI #4)*
 - a. *On the “MASTER COSTS” tab, the estimated costs related to natural gas are significantly less than the previous estimate.*

Cameco Response: Cameco applies the previous year’s actual natural gas costs in the “MASTER COSTS” tab. Costs are for a calendar year. The 2013 costs are less than costs in 2012 mostly due to winter conditions.

- b. *On the “GWR WF” tab, the electrical heating costs for header houses are less than the previous year despite the electrical costs on the “MASTER COSTS” tab being higher than the previous estimate. However, on the “GWR SITE” tab, the electricity unit costs per year for the buildings have increased over the previous estimate.*
- c. *On the “UNIT COSTS” tab, page 4 of 6, the heater power usage is 7.5 kilowatts per day, compared to 12.5 kilowatts per day in the previous estimate. This decrease may help explain the previous bullet; however, the change in the power usage should be explained.*

Cameco Response: Comments b. and c. are related. Previous estimates under “UNIT COSTS” tab for header house heating assumed 180 days of electricity consumption, 24 hours per day. Cameco utilizes heating units in header houses that have thermostats. The heaters do not operate 24 hours/day and may be off up to 10 hours each day. Calculations demonstrated a usage of 7.5 kilowatts per day.