

April 25, 2016

Mr. Larry Reimann
Manager, Technical Services
Cameco Resources
550 North Poplar Street
Suite 100
Casper, WY 82601

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION—2015-2016 FINANCIAL
ASSURANCE ESTIMATE FOR CAMECO RESOURCES RUTH SATELLITE
FACILITY—SOURCE MATERIALS LICENSE NO. SUA-1548 (CAC NO. L00803)

Dear Mr. Reimann:

By letter dated January 6, 2016, 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. Cameco's submittal is available in the NRC's Agencywide Documents Access and Management System (ADAMS) under Accession No. ML16021A205. The NRC staff accepted the financial assurance update for review on February 5, 2016 (see ADAMS Accession No. ML16036A338). 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 Request for Additional Information is 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 ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

L. Reimann

- 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,

/RA/

Douglas T. Mandeville, Project Manager
Uranium Recovery Licensing Branch
Division of Decommissioning, Uranium Recovery,
and Waste Programs
Office of Nuclear Material Safety
and Safeguards

Docket No.: 040-8964
License No.: SUA-1548

Enclosure:
Request for Additional Information

cc: J. Malmberg, WDEQ

L. Reimann

- 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,

/RA/

Douglas T. Mandeville, Project Manager
Uranium Recovery Licensing Branch
Division of Decommissioning, Uranium Recovery
and Waste Programs
Office of Nuclear Material Safety
and Safeguards

Docket No.: 040-8964
License No.: SUA-1548

Enclosure:
Request for Additional Information

cc: J. Malmberg, WDEQ

DISTRIBUTION: J. Whitten, R-IV L. Gersey, R-IV A. Kock

ADAMS Accession No.: **ML16112A360**

| | | | | | |
|---------------|---------------|-----------|-----------|------------|---------------|
| OFFICE | NMSS:PM | NMSS:LA | NMSS | NMSS:BC | NMSS:PM |
| NAME | D. Mandeville | S. Achten | M. Flores | B. VonTill | D. Mandeville |
| DATE | 4/21/2016 | 4/21/2016 | 4/26/2016 | 4/25/2016 | 4/25/2016 |

OFFICIAL RECORD COPY

**Request for Additional Information
for 2015-2016 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 consistently address inflation of unit costs used in the estimate.

Basis for Request

License Condition 9.5 to Source Materials License No. SUA-1548, 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...

Formulation of RAI

In reviewing the estimate, the NRC staff observes that labor costs from 2013 are adjusted to 2015 dollars based on observed inflation between 2013 and 2015. Additionally, the NRC staff observes that the October 2015 Wyoming Department of Environmental Quality Guideline 12 costs are used. However, the utility costs, chemical and material costs, analytical costs, and equipment costs are based on a 2014 publication with no apparent inflation adjustment.

The NRC staff requests that Cameco either: (i) justify the current approach; or (ii) revise the cost estimate such that all unit costs are adjusted to a common point in time.

RAI 2

Description of Deficiency

As currently structured, the cost estimate shows an approximate 15 percent increase over the 2014 estimate. However, there was no change in the operational status and the Ruth satellite remains non-operational.

Enclosure

Basis for Request

License Condition 9.5 to Source Materials License No. SUA-1548, 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...

Formulation of RAI

Cameco's cover letter states that a re-evaluation of the size of site infrastructure was the reason behind the increase in the cost estimate. The NRC staff appreciates Cameco's efforts to more accurately estimate the size of the buildings and related infrastructure at the Ruth satellite. Given the magnitude of the changes, the NRC staff asks Cameco to clarify if the increase results from a change in methodology, or from the development of a more accurate site map. Additionally, the NRC staff requests clarification on the accuracy of the updated numbers. For example, was the increase in size confirmed by a site visit, or compared to as-built engineering drawings?