

P.O. Box 1088
Gallup, New Mexico 87305-1088

Telephone: (505) 905-6651
Fax: (505) 905-6654

UNITED NUCLEAR CORPORATION



March 30, 2017

ATTN: Document Control Desk
Ms. Andrea Kock, Deputy Director
Division of Decommissioning, Uranium Recovery, and Waste Programs
Office of Nuclear Materials Safety and Safeguards
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Mailstop T8-F05
Rockville, MD 20852-2738

40-8907

Subject: Church Rock Financial Surety Requirement- Source Material License No. SUA-1475

Dear Ms. Kock:

Source Materials License No. SUA-1475, License Condition 25, requires that United Nuclear Corporation (UNC) provide an annual update of the surety amount and maintain a Nuclear Regulatory Commission (NRC) approved surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10. This letter transmits the annual surety update.

UNC completed a comprehensive re-baseline of the surety requirement that was submitted in September 2004. The conditions used in the re-baselined surety calculation have not changed from the re-baselined adjustment. Additionally, a Site-Wide Supplemental Feasibility Study (SWSFS), directed by U.S. Environmental Protection Agency (EPA) in 2005, is in progress at the site. Completion of the SWSFS is expected to occur in 2017. Once the SWSFS is complete, a review of the study results will be conducted and where applicable, compared against the conditions used in the initial re-baseline calculation.

This correspondence calculates the change to the annual surety amount based on the 27.61% increase in the consumer price index for all urban consumers from the end of October 2004 (190.9) through the end of February 2017 (243.603). As a result of continued steady-state conditions at the site and the ongoing SWSFS, it is recommended that the surety amount be increased from \$3,270,959 to \$3,354,917 and the license be amended to reflect the change. The following table is included to show how this amount was calculated.

nm5501

2004 Dollars from Rebaseline Surety Requirement		
Section		Amount
3.4.1	Monitoring of the Alluvium and Zone 3 S-I Groundwater	433,154
3.4.2	De-water Zone 3 S-I Groundwater	1,692,966
3.4.3	Well Decommissioning	23,128
3.5.2	Decommissioning Surveys	9,025
3.5.3	Personnel Monitoring	6,000
3.6	Project Management, Labor, and Miscellaneous	663,509
3.7	Equipment	534,625
3.8	Long-Term Surveillance Fee	719,325
TOTAL		4,081,732

Calculated in Section 3.10 of 2004 Surety Rebaseline Estimate - Adjustment -		2004 CPI Value	2017 CPI Value	2017 Dollars
	149,248	190.9	243.603	190,452
	9,025	190.9	243.603	11,517
TOTAL SITE RESTORATION	6,000	190.9	243.603	7,656
COST MINUS 2,000,000 EPA ASSURANCE BOND	663,509	190.9	243.603	846,688
	534,625	190.9	243.603	682,222
	719,325	190.9	243.603	917,914
2004 TOTAL	2,081,732	2017 TOTAL		2,656,449
15% CONTINGENCY				698,467
GRAND TOTAL				3,354,917

I will forward a copy of the bond to you as soon as I receive the reissued certificate rider. As of September 1997, UNC became a wholly-owned, indirect subsidiary of the General Electric (GE) Company. GE Corporate Environmental Programs have been retained through a separate administrative services agreement to assist UNC both technically and administratively with environmental issues at the Church Rock site. Please contact me if you have any questions.

Sincerely,



Roy Blickwedel
Senior Project Manager – Remediation
GE Global Operations - EHS

cc: Jim Smith, NRC (via E-mail)
NRC Region IV