



19 July 2007

Mr. Keith McConnell, Deputy Director
Decommissioning and Uranium Recovery Licensing Directorate
U.S. Nuclear Regulatory Commission
Mail Stop T-7E18
Washington, DC 20555-0001

Dear Mr. McConnell:

Subject: Docket Number 040-08584 - Source Materials License SUA-1350 - License Condition 9.7 - Surety Submittal

Enclosed please find Kennecott Uranium Company's annual surety update required by License Condition 9.7, which is due on or before July 30 of each year, pursuant to License Condition 9.7.

The new proposed bond amount is \$8,575,000.00. This amount is based upon an adjustment for inflation according to the Consumer Price Index (CPI) for All Urban Consumers of the surety amount stated in License Condition 9.7 of SUA-1350. The facility remains on standby. Its operational status has not changed since the previous surety submittal dated July 12, 2006. In addition, the facility's operating status has not changed since the May 25, 2004 surety submittal included in the Request for a Ten (10) Year License Renewal, which updated/rebaselined the surety based upon current costs and decommissioning and reclamation requirements. Since backfilling of the Catchment Basin excavation is not yet complete and thus the Completion Report for the Catchment Basin excavation has not been submitted, no adjustment in the surety amount is being requested regarding this remediation work.

The current approved surety amount of \$8,349,000.00 is only being increased in accordance with the Consumer Price Index (CPI) for All Urban Consumers. The following values are being utilized to revise the surety amount:

Consumer Price Index (CPI) for All Urban Consumers

May 2006	202.5
May 2007	207.949

The following is the revision calculation:

$$(207.949 - 202.5) / 202.5 = 0.027 \times 100\% = 2.7\%$$
$$(8,349,000) \times (1.027) = \mathbf{\$8,574,423}$$

The above value rounded up to the nearest thousand dollars results in a new proposed surety amount of \$8,575,000.00.

Attached to this letter please find a copy of the Consumer Price Index – All Urban Consumers. If you have any questions please do not hesitate to contact me.

Sincerely yours,

Oscar Paulson
Facility Supervisor

cc: Stephen Cohen (2 copies)
Director, DMSS, Region IV
John Lucas
Jack Welch

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0

Not Seasonally Adjusted

Area: U.S. city average

Item: All items

Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1997	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3	160.5	159.9	161.2
1998	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9	163.0	162.3	163.7
1999	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3	166.6	165.4	167.8
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0	172.2	170.8	173.6
2001	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7	177.1	176.6	177.5
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9	179.9	178.9	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3	184.0	183.3	184.6
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3	188.9	187.6	190.2
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	193.2	197.4
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	200.6	202.6
2007	202.4 16	203.4 99	205.3 52	206.686	207.9 49										

July 16, 2007