

1                   **THE CHAIRPERSON:** And I'll call for that.

2                   The next item on the Agenda is the One Day  
3                   Hearing on the matter of the Application by Cameco  
4                   Corporation for the acceptance of the proposed amendment  
5                   to the value of the financial guarantee for its Class 1B  
6                   Nuclear Conversion Facility in Port Hope.

7

8                   **Cameco Corporation:**

9                   **Application for Acceptance of the**  
10                  **Proposed Amendment to the**  
11                  **Value of the Financial Guarantee**  
12                  **For its Class IB Nuclear**  
13                  **Conversion Facility in Port Hope,**  
14                  **Ontario**

15

16                  **MR. LEBLANC:** This is a one-day public  
17                  hearing. The notice of public hearing 2007 H-113 was  
18                  published on July 13, 2007.

19

20                  The public was invited to participate by  
21                  way of written submissions. August 13<sup>th</sup> was the deadline  
22                  set for filing by intervenors. The Commission received  
23                  one request for intervention from the Municipality of Port  
24                  Hope.

24

25                  September 5<sup>th</sup> was the deadline for filing  
of supplementary information. No such information was

1 filed.

2 **THE CHAIRPERSON:** The Commission members  
3 have read the submissions filed by CNSC staff as outlined  
4 in CMD 07-H140. The Commission Members have also read the  
5 submission filed by the Municipality of Port Hope as  
6 outlined in CMD 07-H140.2.

7 As such, I will now ask CNSC staff and then  
8 Cameco Corporation if there's any comments or opening  
9 remarks they would like to make before we move to  
10 questions from the Commission Members.

11 Mr. Howden, do you have any comments.

12

13 **07-H140**

14 **Written submission from**

15 **CNSC Staff**

16

17 **07-H140.2**

18 **Written submission from the**

19 **Municipality of Port Hope**

20

21 **MR. HOWDEN:** Thank you. Barclay Howden  
22 speaking.

23 Staff has nothing further to add. We are  
24 prepared to respond to questions.

25 Thank you.

1                   **THE CHAIRPERSON:** Thank you.

2                   Mr. Gitzel.

3                   **MR. GITZEL:** Thank you, Madam President.

4                   Good afternoon.

5                                 For the record I am Tim Gitzel, Chief  
6                   Operating Officer at Cameco Corporation. To my right,  
7                   Andy Oliver, our Vice-President of Fuel Services who has,  
8                   again, overall responsibility for the Port Hope UF<sub>6</sub>  
9                   Conversion Plant.

10                                Our presenter today is Andy Thorne who has  
11                   recently been promoted to the position of General Manager  
12                   of the plant, so I would turn it over to Andy to make the  
13                   presentation.

14                               **MR. THORNE:** Thank you, Tim. Good  
15                   afternoon.

16                                Before we start, I would just like to  
17                   introduce our team. To my right is Mr. Tom Smith who is  
18                   our Environmental Specialist; to his right, Mr. John  
19                   Jarrell who is our Vice-President of Safety, Health,  
20                   Environment and Quality; and behind me is Mr. Kirk Vetor  
21                   who is our Manager of Technical Services for the Port Hope  
22                   Conversion Facility.

23                                Cameco's Port Hope Conversion Facility  
24                   receives nuclear grade uranium trioxide for conversion to  
25                   either uranium hexafluoride or uranium dioxide. These

1 compounds are used for light and heavy water reactor  
2 programs, respectively.

3 In addition to these compounds, the Port  
4 Hope Conversion Facility is also licensed to produce  
5 depleted uranium metal for use in a variety of industrial  
6 applications. Uranium processing is federally regulated  
7 and licensed by the Canadian Nuclear Safety Commission.

8 Operations at this site started in 1932 as  
9 a radium refinery which operated until the early 1950s.  
10 Uranium refining in commercial quantity started during the  
11 1940s.

12 A new solvent extraction refinery started  
13 in 1956 which was shut down shortly after the Blind River  
14 Refinery started up.  $UF_6$  production started in 1969 and  
15 this continued in the new larger plant in 1984.

16 In addition, ceramic  $UO_2$  is also produced  
17 at the plant. Hence, it can be seen that the facility has  
18 a long and complex history.

19 To develop a preliminary plan for  
20 decommissioning of the Cameco Port Hope Conversion  
21 Facility, Cameco has engaged SNC-Lavalin Engineers &  
22 Constructors Inc. to revise and update the previous  
23 preliminary decommissioning plan prepared by Cameco in  
24 2001, which is Issue 4.

25 In addition, they are requested to develop

1 an independent capital cost estimate for the  
2 decommissioning of the Port Hope Conversion Facility.  
3 This document has been prepared for the Canadian Nuclear  
4 Safety Commission in compliance with guidance documents,  
5 G-219 and G-206; Decommissioning Planning for Licensed  
6 Activities, and Financial Guarantees for Decommissioning  
7 of Licenced Activities, respectively.

8 The final decommissioning of the site will  
9 take place at the end of the operating life of the  
10 facility. Cost estimates for this preliminary PDP are  
11 based on the "decommissioning tomorrow" concept. The cost  
12 derived for the "decommissioning tomorrow" concept assumed  
13 the licence is available -- sorry, the licensee is not  
14 available to fulfil its obligations for decommissioning  
15 and that a third party will manage the project.

16 However, a major plant site remediation  
17 project is planned to be implemented in conjunction with  
18 the Port Hope Area Initiative Project. The Port Hope Area  
19 Initiative Project will establish a long-term waste  
20 management facility located within the Municipality of  
21 Port Hope.

22 The Cameco Remediation Project, which is  
23 referred to as Vision 2010, would consist of removal of  
24 all of the older or redundant buildings on the plant site.

25 The excavation of contaminated soils

1        underneath these structures and the transfer of these  
2        materials to the Low-level Radioactive Waste Management  
3        Facility; the majority of subsurface contamination is  
4        historical from the operation of the old radium and  
5        uranium refineries. These operations have long since been  
6        discontinued.

7                    According to the present project schedule,  
8        these major remediation projects will be undertaken  
9        between 2009 and 2012.

10                   For the scenario portrayed in the PDP, the  
11        management of the implementation of the decommissioning  
12        elements of the Vision 2010 program would be taken over by  
13        a management contractor; an independent third party  
14        project management firm and be implemented in a fashion  
15        similar to that which has been planned.

16                   The Vision 2010 project does not include  
17        for decommissioning of the UF<sub>6</sub> and UO<sub>2</sub> plants, the steam  
18        plant, the current administration office, the maintenance  
19        and engineering shops and new replacement service  
20        facilities.

21                   It is anticipated that the decommissioning  
22        of these facilities would occur sometime in the future.  
23        Therefore, these activities that are defined in the PDP  
24        document are Stage 2 activities.

25                   The Stage 2 activities are anticipated to

1 generate relatively small volumes of contaminated material  
2 that could be readily incorporated into the planned, Low-  
3 level Radioactive Waste Management Facility at the Blind  
4 River Refinery which is expected to undergo a similar  
5 decommissioning process in the proposed scenario.

6 A PDP for the Blind River Refinery,  
7 described in the construction and operation of this  
8 facility has been prepared and submitted to the CNSC. The  
9 standards to which the contaminated soil will be  
10 remediated have been defined by the Port Hope Area  
11 Initiative Project in their document entitled "Port Hope  
12 Area Initiative Cleanup Criteria, Revision 3, June 2006."

13 The initial setup in decommissioning  
14 process would be to conduct an orderly plant shutdown and  
15 cleanout chemical inventory drawdown and transfer of the  
16 uranium inventory from the site. This would be performed  
17 by key facility personnel, engaged by the management  
18 contractor.

19 Through the Vision 2010 project, most of  
20 the contaminated soil, building components, equipment,  
21 materials and accumulated waste would be disposed of at  
22 the Port Hope Area Initiative Long-Term Waste Management  
23 Facility.

24 Those materials that could be practically  
25 decontaminated would be diverted from Long-Term Waste

1 Management Facility for recovery through recycling or  
2 disposal at the Municipal landfill. For the recovered or  
3 recycled materials, no salvage value has been assumed.

4 Decommissioning of the Port Hope Conversion  
5 Facility would require preparation of documentation in  
6 support of obtaining a formal decommissioning licence  
7 after an environmental assessment.

8 Upon completion of the decommissioning  
9 project, the site would be re-vegetated and an application  
10 filed for abandonment approval. The End state objective  
11 is the site would be suitable for redevelopment.

12 This PDP is subject to approval of the CNSC  
13 in accordance with current regulatory policy. Cameco will  
14 submit a detailed commissioning plan to the CNSC at least  
15 one year prior to the scheduled end of operations at the  
16 Port Hope Conversion Facility.

17 The PDP will periodically be reviewed and  
18 updated to reflect these changes in operations involving  
19 technologies and regulatory requirements. The PDP will  
20 utilize -- will be utilized to develop the detailed  
21 decommissioning plan, along with the operational and  
22 historic site records.

23 The current estimated cost for  
24 decommissioning the Port Hope Conversion Facility main  
25 site Centre Pier and Dorset Street Properties is \$96

1 million. This amount represents a significant increase to  
2 the 2001 cost estimate of \$33.8 million. This is  
3 attributed to the following: Increased cost associated  
4 with demolition, equipment removal and decontamination;  
5 increased sanitary landfill costs; increased  
6 transportation costs; increase in labour rates and third  
7 party management costs; identification of additional  
8 hazards and technical issues related to soil excavation  
9 and inclusion of escalation for 5 years and an increasing  
10 contingency.

11 In summary, the Port Hope Conversion  
12 Facility PDP, Issue 6, has been revised and updated to;  
13 firstly, meet CNSC regulatory guidelines G-219 and G-206,  
14 reflect current conditions at the site and account for  
15 increased costs associated with decommissioning and  
16 finally, to adequately address the comments from CNSC  
17 staff.

18 Cameco respectfully requests that the  
19 Commission accept the Port Hope Conversion Facility PDP  
20 Issue 6 and proposed financial guarantee.

21 Upon acceptance by the Commission, Cameco  
22 will endeavour to update the irrevocable letter of credit  
23 within 15 business days.

24 Thank you.

25 **THE CHAIRPERSON:** Thank you very much.

1 Dr. McDill, would you like to start?

2 **MEMBER McDILL:** Thank you.

3 My first request is that comments I made  
4 previously be wrapped, I guess, if that's to be included,  
5 here.

6 I really don't have any specific questions,  
7 although I have noticed this is all Cameco stuff in front  
8 of us and I've been trying to read back and forth between  
9 the various submissions, and I realize that's a difficult  
10 thing to do, but as you linked the Blind River to this one  
11 and the movement of materials to Blind River, there is  
12 some consistency between those two submissions. Not so  
13 much consistency to the one we've just heard.

14 So my first question is to staff because  
15 I'm reading the CMD's -- which are staff CMDs; right?

16 Did staff give any thought to putting the  
17 items in the same order for the various submissions?  
18 Because if there is any significance to the order, for  
19 example in -- just make sure, in the conversion facility  
20 the labour costs are listed first and in Blind River, for  
21 example, they're listed second last. And in the previous  
22 one, they're listed somewhere in the middle and I don't  
23 know if -- I'm not suggesting this is like food on a --  
24 you know, items of significance, when you pick up a bottle  
25 of yogurt it tells you that the water's first; right?

1                   So, I'm not sure if it should be like that;  
2                   it's just it was very difficult to read back and forth, to  
3                   try and get some sense of consistency between the two.

4                   The second to -- the conversion facility  
5                   and Blind River use five years cost based on consumer  
6                   price index. The previous one used 3 percent cost  
7                   escalation based on 3 percent annual rate. So I had a  
8                   great deal of trouble reading between these documents  
9                   trying to figure out what was going on for Cameco.

10                  So perhaps I could ask Cameco to comment on  
11                  that in a general sense and maybe staff to comment on --  
12                  in terms of the CMDs and how -- if there's any  
13                  significance to the order of presentation of the items?

14                  **THE CHAIRPERSON:** Perhaps -- because, I had  
15                  a point that might be related to Dr. McDill's point is,  
16                  that I think we'd like to feel that there's some -- the  
17                  process of doing this -- you know, different companies get  
18                  hired to do different assessments and so I think -- it's  
19                  not that, I think, the Commission wants to delve into you  
20                  know, the actual numbers, per se but a sense of a common  
21                  approach and a common item. I was noting that some items  
22                  were in some and some items weren't in others.

23                  So just in terms -- if you, first of all,  
24                  comment on the process, the methodology if I can put it  
25                  that way, and then as Dr. McDill said, what was -- was

1           there a priority or a pecking order here?

2                       **MR. OLIVER:** Andrew Oliver, for the record.

3                       I think we have to deal a little bit with  
4           the history here, in the sense that Zircatec was a  
5           separate company and use a separate company and so they  
6           were the natural company to update the approach of the  
7           review.

8                       Also, Zircatec has a generally dry process  
9           which -- where the decontamination of the facility is  
10          easier than the other two facilities. So there are some  
11          differences there.

12                      In general I would say that I feel that one  
13          of my responsibilities in my new role of Vice-President of  
14          Fuel Services is indeed to bring consistency between the  
15          three operations. I endeavour to do that in terms of the  
16          presentation that is before you today but obviously didn't  
17          start early enough in the process to influence the whole  
18          presentation for you today.

19                      So we certainly hope to make life easier  
20          for you in the future as we strive for that greater degree  
21          of consistency.

22                      I'll just -- oh, okay, I was wondering,  
23          Tom, do you ---

24                      **MR. SMITH:** No, I don't have any comment.

25                      **MR. OLIVER:** Andrew Oliver.

1                   Just to elaborate, Tom Smith did the  
2                   decommissioning plan for both Blind River and the  
3                   Conversion Facility, so there is that much more  
4                   consistency, which he may be able to comment on.

5                   **MR. SMITH:** I was just -- Tom Smith for the  
6                   record.

7                   I was just going to calculate the  
8                   differences in escalation but I haven't even got that far.

9                   They appear, in rough orders of magnitude,  
10                  to be very similar relative to the overall costs of the  
11                  PDPs between Port Hope and Blind River.

12                  I didn't actually calculate that number  
13                  myself; it was done by SNC-Lavalin, but we certainly have  
14                  strived for both the Port Hope Conversion Facility and  
15                  Blind River Refinery PDPs to be very consistent in their  
16                  approach.

17                  We've used the same labour rates, the same  
18                  basis for demolition, soil remediation. So if there is a  
19                  subtle difference in the escalation between the two, I  
20                  apologise for that inconsistency.

21                  **THE CHAIRPERSON:** Dr. McDill, if you agree,  
22                  I would like to ask the staff because they're really  
23                  advising us and they -- they have to be advising us that  
24                  this is -- this is the right -- this is -- the right items  
25                  are included and that the overall approach is -- is

1 rigorous and will protect the Commission and the  
2 population in this regard.

3 **MR. BARKER:** Bob Barker for the record.

4 In relation to the review of these PDPs,  
5 they were assessed individually.

6 The methodology that we use is to -- to  
7 review the -- the preliminary decommissioning plan in  
8 relation to the preliminary decommissioning plan guide and  
9 in addition, review it separately in relation to the  
10 guide, in relation to financial guarantees.

11 These -- these submissions were assessed as  
12 they came in, by several staff, and -- and Dr. McDill  
13 correctly identified that there are some things out of  
14 order. In relation, there was no attempt at normalizing  
15 them. We did consider them as individual facilities, with  
16 the exception of confirming the linkages between the Port  
17 Hope and -- and the Blind River Facilities in relation to  
18 the proposed Blind River Waste Management Facility.

19 Nonetheless, the review that we conducted,  
20 since it was independent, was consistent from facility to  
21 facility, in relation of looking at the requirements of  
22 the decommissioning financial guarantee guides.

23 **THE CHAIRPERSON:** Thank you.

24 Mr. Graham.

25 **MEMBER GRAHAM:** Just on that, I notice that

1 you had a contingency factor in this decommissioning of  
2 18 percent and at Blind River you had 20 percent.

3 As an example, if you were trying to be --  
4 have some -- follow a seamless thread, it is confusing and  
5 start out of that, why would you -- why would it be -- why  
6 would you not have the same contingency factor in both  
7 places?

8 **MR. OLIVER:** Andrew Oliver for the record.

9 I think the key point was to make sure the  
10 contingency was in the right range expected by the CNSC in  
11 their guidelines.

12 But I'll -- I'll ask Tom Smith to comment  
13 on the specific difference.

14 **MR. SMITH:** For the record, Tom Smith.

15 We're required to have a Grade B  
16 contingency which ranges from 15 to 20 percent. We put a  
17 slightly higher contingency on Blind River's site because  
18 it hasn't undergone a -- as extensive of -- a Phase 2  
19 environmental site assessment as compared to the Port Hope  
20 Facility which has gone through two Phase 2 environmental  
21 assessments and has been better characterized.

22 **MEMBER GRAHAM:** The next question then is  
23 with regard to the 96 million that was arrived at on  
24 June 29<sup>th</sup>, '07, after that date you've had a significant  
25 development with regard to material being located or

1           unearthed at one of your facilities. Is this 96 million  
2           now realistic or will it have to be upgraded?

3                   **MR. OLIVER:** Andrew Oliver for the record.

4                   I can't say that we're certain whether it  
5           needs to be upgraded. We were optimistic that the  
6           contingency which is substantial, would in fact address  
7           this issue, but as we've -- as we explained this morning,  
8           that the amount of contaminated soil has increased from  
9           our initial thinking and it clearly does need to be  
10          assessed and -- and then the -- the bond for the  
11          decommissioning adjusted appropriately and we will do  
12          that.

13                   **MEMBER GRAHAM:** So in other words, this  
14          one, unlike the other two, that they're before us today,  
15          may be back before the licence expires because of --  
16          because of what's been -- what's happened, because of an  
17          event; is that correct?

18                   **MR. OLIVER:** Andrew Oliver for the record.

19                   That would be correct.

20                   **MEMBER GRAHAM:** My other question is, Port  
21          Granby and Welcome, they're not included in this; I read  
22          that. What happens there? It says they will be turned  
23          over to the federal government, so they will not be the  
24          responsibility of Cameco or what's -- what's the -- can  
25          you explain that?

1                   **MR. OLIVER:** Andrew Oliver, for the record.

2                   That is correct; they remain part of the  
3 cleanup processes, part of the Port Hope Area Initiative,  
4 but again, I'll ask Tom Smith to give us a little more  
5 detail behind that.

6                   **MR. SMITH:** Yes, for the record, Tom Smith.

7                   They were excluded from the PDP after  
8 discussions with staff. They are not part of the current  
9 operating licence of the Port Hope Conversion Facility;  
10 they are licenced separately. They have waste nuclear  
11 substance licences and it was agreed because they're both  
12 part of the Port Hope Area Initiative project which is  
13 well in the works for -- for both sites. They are  
14 mentioned in the PDP but they are not costed as such.

15                   **MEMBER GRAHAM:** Just one other question.

16                   Your licence, I believe, goes to 2012; your  
17 Vision 2010, is in there and so on and in your -- in your  
18 overview that you gave us today, you said a lot of this  
19 will be -- decommissioning will happen between 2009 and  
20 2012, so you won't draw -- in doing that decommissioning  
21 work you won't draw against this but you may come back at  
22 the next licencing period for a lesser amount; is that how  
23 it works or do you draw against your -- your -- as you  
24 decommission, do you draw against the funds?

25                   **MR. OLIVER:** Andrew Oliver for the record.

1 I'll ask Tom Smith to respond.

2 **MR. SMITH:** It wouldn't be our intent to  
3 revise that amount downward until the next licencing  
4 period.

5 **MEMBER GRAHAM:** My question was, you don't  
6 -- say you do \$15 million worth of work, you don't take it  
7 out of that fund, you -- you pay for it and then you  
8 revise it at the end of the licencing period; is that  
9 correct?

10 **MR. SMITH:** That's correct, sir.

11 **MEMBER GRAHAM:** Thank you, Madam Chair,  
12 those are my questions.

13 **THE CHAIRPERSON:** In fact, I think the  
14 latter would be really frowned on by the -- by the CNSC if  
15 we had people engaging in decommissioning without a  
16 licence, so I think "frowned" is a good word for it. We  
17 wouldn't let it happen.

18 So I guess this is an area where there's a  
19 lot of activity going on and I think I found it very  
20 interesting reading in terms of the -- it really does talk  
21 about some of the issues you're facing in -- with Vision  
22 2010, acknowledging we were -- you were before the  
23 Commission less than a year ago. So I think we're very  
24 well aware of this -- this process and what's going on but  
25 it does have its issues going forward.

1           As was noted by Dr. McDill, there are other  
2 same questions raised by the Municipality of Port Hope and  
3 although the Commission staff have offered to answer the  
4 questions here, I think they're better answered in a -- in  
5 a more localized manner to do that.

6           I wouldn't think it appropriate if someone  
7 read the transcripts and said this applied to every place  
8 exactly the same; I think that -- that's why I'm anxious  
9 to ask you to do that.

10           I -- I think we've talked about the  
11 uncertainties that are inherent in this proposal and --  
12 and going forward.

13           I just want to note that -- that this has  
14 been significant progress to get financial guarantees for  
15 -- for these Class 1B facilities. I think we can be very  
16 tough on this whole process but we can also acknowledge  
17 that up to a few years ago, we weren't even thinking in  
18 this way and a significant process and -- and protection  
19 of taxpayers to have these processes in place.

20           So I think it's -- it should be  
21 acknowledged as a work in -- in progress and -- and  
22 relating back to this in terms of how we're going forward  
23 with these facilities, but this is significant progress  
24 and we will have an opportunity to re-look at this if  
25 there are any changes.

1           As I understand -- as my memory serves,  
2           there was a mid-term as well on the facility, so we would  
3           expect if there was significant changes in this just like  
4           anything else, Vision 2010 or et cetera, that that would  
5           come up at the mid-terms as well.

6           So that would be my comment.

7           Are there any further questions on this?

8           Thank you very much.

9           Then I propose that the Commission confer  
10          with regards to the information we have considered today  
11          and then determine if further information is needed or if  
12          the Commission is ready to proceed with a decision, and we  
13          will advise accordingly.

14          So we will just have a couple of minutes, I  
15          guess, while the Blind River group comes together and then  
16          we will do the last of the Financial Guarantee Hearings  
17          today.

18          The next item on the Agenda is a One Day  
19          Hearing on the matter of the Application by Cameco  
20          Corporation for the Acceptance of the Proposed Amendment  
21          to the Value of the Financial Guarantee for its Class 1B  
22          Nuclear Fuel Facility in Blind River.