

1 --- Upon resuming at 3:20 p.m.

2 **THE CHAIRPERSON:** Good afternoon and  
3 welcome to the continuation of the public hearings of the  
4 Canadian Nuclear Safety Commission.

5 First of all, may I apologize for the  
6 delays today; it was a bit of a long day and we apologize  
7 for delaying you.

8 We would like to begin -- I would like to  
9 begin by introducing the members of the Commission that  
10 are with us this afternoon. On my left is Mr. Alan  
11 Graham. On my right is Dr. Moyra McDill. The Secretary  
12 of the Commission, Marc Leblanc, is with us, as well as  
13 Ms. Samantha Maislin-Dickson, who is the acting general  
14 counsel for us this afternoon.

15 The first item on the Agenda today is a  
16 One-Day Hearing on the matter of the Application by  
17 Zircatec Precision Industries Inc. for Acceptance of the  
18 Proposed Amendment to the Value of the Financial Guarantee  
19 for its Class 1B Nuclear Fuel Facility in Port Hope.

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21 **Zircatec Precision Industries Inc.:**  
22 **Application for Acceptance of the**  
23 **Proposed Amendment to the**  
24 **Value of the Financial Guarantee**  
25 **For its Class IB Nuclear Fuel**

1       **Facility in Port Hope, Ontario**

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**MR. LEBLANC:** This is a One-Day Public Hearing. The Notice of Public Hearing 2007 H-112 was published on July 13, 2007. The public was invited to participate by way of written submissions. August 13<sup>th</sup> was the deadline set for filing by intervenors. The Commission received one request for intervention and also received a submission from the proponent.

September 5<sup>th</sup> was the deadline for filing of supplementary information; no supplementary information was filed.

Madame la présidente.

**THE CHAIRPERSON:** The Commission Members have read the submission filed by CNSC staff and the information by Zircatec. The submission from the licensee is noted in Commission Member Document 07-H139.1 and the submission from CNSC staff is in CMD 07-H139.

The Commission Members have also read the submission filed by the intervenor, the Municipality of Port Hope, outlined in CMD 07-H139.2.

Having read these documents we will ask CNSC staff and then Zircatec if they have any comments to add to that and then we will open the floor directly afterwards for comments from Commission Members.

1                   Mr. Howden, would you like to make any  
2 further comments?

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4           **07-H139.1**

5           **Written submission from**  
6           **Zircatec Precision Industries Inc.**

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8           **07-H139**

9           **Written Submission from**  
10          **CNSC Staff**

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12          **07-H139.2**

13          **Written Submission from the**  
14          **Municipality of Port Hope**

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16                   **MR. HOWDEN:** Thank you, Madam Chair.  
17                   Barclay Howden speaking for the record.

18                   I am with Bob Barker, the Acting Director  
19                   of Wastes and Decommissioning Division; Mr. Henry Rabski,  
20                   the Director of the Processing and Research Facilities  
21                   Division, plus our project officers for these facilities.

22                   Madam Chair, we have nothing further to add  
23                   but we are prepared to respond to questions.

24                   Thank you.

25                   **THE CHAIRPERSON:** Mr. Gitzel, are there any

1 comments on behalf of Cameco Zircatec?

2 **MR. GITZEL:** Good afternoon, Madam  
3 President and Commission Members.

4 For the record, I'm Tim Gitzel; Chief  
5 Operating Officer at Cameco.

6 This afternoon we will be presenting, in  
7 fact, three preliminary decommissioning plans for  
8 facilities at Zircatec in Port Hope, Port Hope Conversion  
9 Facility, and our Blind River Refinery as well.

10 And with me -- you met this morning --  
11 Andrew Oliver, who is the Vice-President of the Fuel  
12 Services Division and has overall responsibility for these  
13 three entities.

14 As well, we brought the three general  
15 managers, two of whom are new, to present -- make short  
16 presentations, if you'll allow us this morning -- or this  
17 afternoon, I'm sorry.

18 And so the first is Dr. Aniket Pant who was  
19 appointed General Manager of Zircatec on the 13<sup>th</sup> of July  
20 and has stepped into his new role, and if I might, I'd  
21 pass it over to Aniket.

22 If you'd kindly present your team and make  
23 a short presentation.

24 **MR. PANT:** Thank you, Tim.

25 For the record, my name is Aniket Pant and

1 I would like to present my team; Mike Longinov, who is the  
2 Manager of Occupational Health and Radiation Safety to my  
3 right, and behind me, Monica Oosting, who is the Radiation  
4 Protection and Licensing Officer for Zircatec.

5 Zircatec Precision Industries is a part of  
6 the Fuel Services Division of Cameco Corporation which is  
7 a Canadian company. The operation has been in existence  
8 since 1957.

9 At present Zircatec processes natural and  
10 depleted ceramic grade uranium dioxide, as well as  
11 developmental quantities of enriched uranium dioxide.  
12 Zircatec processes much of this uranium into the form of  
13 CANDU fuel for domestic electric utilities.

14 Zircatec has submitted to the CNSC staff a  
15 preliminary plan for the decommissioning of the Zircatec  
16 Port Hope facility.

17 EcoMetrics Incorporated was engaged by  
18 Zircatec to revise and update the previous preliminary  
19 decommissioning plan prepared by Beak International  
20 Incorporated in 2001 and to develop an independent  
21 financial cost estimate for the decommissioning of the  
22 facility.

23 The preliminary decommissioning plan has  
24 been prepared for the Canadian Nuclear Safety Commission  
25 in compliance with the guidance documents G-219 and G-206,

1 Decommissioning Planning for Licensed Activities and  
2 Financial Guarantees for the Decommissioning of Licencedf  
3 Activities respectively.

4           The final decommissioning of the site will  
5 take place at the end of the operating life of the  
6 facility. Cost estimates for this preliminary  
7 decommissioning are based on a decommission tomorrow  
8 concept. The cost derived for the decommission tomorrow  
9 concept assume that Zircatec is not available to fulfil  
10 its obligations for decommissioning and that management of  
11 the implementation of the decommissioning elements  
12 described herein would be undertaken by a management  
13 contractor, an independent third party project management  
14 firm.

15           It is expected that at the end of the  
16 licensed operations the building will be converted to  
17 another industrial use, not requiring a CNSC licence. As  
18 such, the building and associated facilities will have to  
19 be decommissioned to a condition such that the CNSC can  
20 issue an Abandonment Licence and no unacceptable levels of  
21 radiological or chemical contamination will exist on the  
22 site.

23           In addition, any decommissioning activities  
24 must be carried out in such a manner that the building and  
25 associated facilities are left in a condition acceptable

1 for future use and that no unacceptable hazards relating  
2 to the building or supporting infrastructure remains.

3 The initial step in the decommissioning  
4 process would be to conduct an orderly plant shutdown and  
5 cleanout, chemical inventory drawdown and transfer of the  
6 remaining uranium inventory from the site. This would be  
7 performed by key facility personnel engaged by a  
8 management contractor.

9 Decommissioning of Zircotec's Port Hope  
10 facility would require preparation of documentation in  
11 support of obtaining a formal decommissioning licence.  
12 This is expected to include an environmental assessment.

13 The preliminary decommissioning plan will  
14 be updated as needed to reflect changes to the facility  
15 that may influence the plan. Thus, the plan will continue  
16 to reflect current conditions in the facility, expected  
17 conditions at the end of operations and current thinking  
18 as regards decommissioning activities.

19 In addition, the anticipated future costs  
20 of decommissioning activities will be updated to reflect  
21 any changes in anticipated effort or current prices.

22 The updated PDP reflects current conditions  
23 and has been extrapolated for future conditions for the  
24 planned manufacture of CANDU SEU CANFLEX fuel that  
25 incorporates slightly enriched uranium oxides and blended

1       dysprosium uranium oxides.

2                       Zircatec's first PDP was written, submitted  
3       and approved by the CNSC staff in 2001 with an estimated  
4       decommissioning cost of \$3.26 million. The updated 2006  
5       PDP estimates that the decommissioning of the Port Hope  
6       facility to be \$17.99 million.

7                       The changes are mainly due to the  
8       following: The addition of the proposed SEU and BDU  
9       production lines which leads to a controlled production  
10      area and increased number of uranium handling equipment;  
11      increased radioactively contaminated waste disposal rates  
12      at AECL Chalk River; increased onsite waste inventories  
13      that require disposal; increased labour rates; inclusion  
14      of other factors such as environmental assessment process,  
15      security, administration, utilities, taxes and inflation  
16      costs.

17                      To summarize, the updated PDP has been  
18      designed to meet both the CNSC Regulatory Guide Documents  
19      G-219, Decommissioning Planning for Licensed Activities,  
20      and G-206, Financial Guarantees for the Decommissioning of  
21      Licensed Activities.

22                      It has been updated to reflect current  
23      conditions and has been extrapolated for future conditions  
24      for the planned manufacture of CANDU SEU CANFLEX fuel that  
25      incorporates SEU and BDU and has adequately addressed CNSC

1 staff's comments.

2 Based upon this updated PDP we request that  
3 the Commission accepts Zircatec's updated PDP and the  
4 associated financial guarantee.

5 Upon Commission acceptance Zircatec will  
6 endeavour to obtain the financial letter of credit within  
7 15 working days.

8 **THE CHAIRPERSON:** Thank you very much.  
9 Are there any questions from Commission  
10 Members?

11 Yes, Mr. Graham.

12 **MEMBER GRAHAM:** Thank you, Madam Chair.

13 Just a couple. A clarification, first of  
14 all, to either CNSC staff or to Zircatec; when does this  
15 existing licence expire, what year or what's the date? I  
16 know it's a five-year licence I'm quite sure but when was  
17 the licence to?

18 **MR. OLIVER:** Andy Oliver for the record.  
19 I'll ask Mike Longinov to reply.

20 **MR. LONGINOV:** For the record, Mike  
21 Longinov.

22 I believe, the top of my head, it is  
23 February 28<sup>th</sup>, 2012.

24 **MEMBER GRAHAM:** Two thousand twelve (2012),  
25 okay. Thank you.

1           So, this 17.99 million, it takes -- covers  
2           it until that date with the five-year inflation figures  
3           and so on; is that correct? To CNSC staff?

4           **MR. OLIVER:** Andy Oliver for the record.  
5           I'll ask Aniket Pant to reply.

6           Sorry, I apologize; CNSC will reply.

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

8           Yes, the inflation would account for the  
9           five-year period to licence renewal.

10          **MEMBER GRAHAM:** So my next question would  
11          be how much of the -- how much of this 18 million, or  
12          approximately 18 million, relates to the SEU and the BDU  
13          production, and that would be, I guess, to Zircatec.

14          **MR. OLIVER:** Andrew Oliver for the record;  
15          I'll ask Aniket Pant to reply.

16          **MR. PANT:** My name is Aniket Pant for the  
17          record.

18          We do have the details in the preliminary  
19          decommissioning plan and I would request that -- Mike  
20          Longinov has the list in front of him and perhaps he would  
21          speak to that issue.

22          **MEMBER GRAHAM:** Just a round figure, it  
23          doesn't have to be right to the ---

24          **MR. LONGINOV:** For the record, Mike  
25          Longinov.

1                   It appears to be about three quarters of a  
2 million dollars.

3                   **MEMBER GRAHAM:** I have the same chart; on  
4 the Table 1, so five six and seven are the only part that  
5 are SEU and the BDU.

6                   My question then would be to CNSC staff, if  
7 the SEU and the BDU are only that much and we've gone from  
8 3.2 to 13.9 to 17.99, this is a huge increase and I don't  
9 want to get into other licensing and so on, other licenses  
10 because we'll have opportunities for those in the months  
11 ahead.

12                   But are you now confident that this is a  
13 realistic figure and meets all of the requirements of a  
14 decommissioning that will take us into 2012?

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

16                   Yes, CNSC staff is confident that the  
17 figures are accurate.

18                   **THE CHAIRPERSON:** Thank you.

19                   Dr. McDill.

20                   **MEMBER McDILL:** Thank you.

21                   I'd like to link page 4 of H139 and the  
22 intervenors letter, if I may, since the intervenor is a  
23 written intervention.

24                   "The first step of the decommissioning  
25 plan, anticipates activities related

1 to the safe state of closure,"

2 Is what is written under section 4 and the  
3 intervenor states that:

4 "There is no definition provided for  
5 'safe state of closure.'"

6 And I'm wondering if staff has a formalized  
7 definition of what safe state of closure is? I think we  
8 all have a sense of what it is but perhaps it needs to be  
9 defined for the purposes of documentation like this?

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

11 There is no definition in the guides for  
12 safe state of closure. But the intention of safe state of  
13 closure is to -- is a reduction of all the inventories of  
14 hazardous materials and all the inventories of nuclear  
15 substances from the facility such that it can be put into  
16 a state of care and maintenance for a number of years,  
17 with very little hazard. It does not accommodate for  
18 interior contamination; that would be dealt with during  
19 the decommissioning process.

20 **MEMBER McDILL:** Thank you.

21 So it doesn't deal with interior  
22 decontamination of countertops and walls and ceilings?

23 **MR. BARKER:** That's correct; it does not  
24 deal with contaminated equipment or machinery.

25 **THE CHAIRPERSON:** I think also, as with

1 other licenses, it would not, as Zircatec mentioned, allow  
2 for the transfer to a non-nuclear use. I mean, that  
3 really is the difference between this is it would be -- it  
4 wouldn't -- it would require, if I am correct, from the  
5 staff, a complete decommissioning in order to be  
6 transferred as -- for another site.

7 **MR. BARKER:** Just to clarify, safe state of  
8 closure is an interim activity. In order to de-energize  
9 the facility to allow for the creation -- to allow for a  
10 stable facility that would allow for then -- for the  
11 preparation of detailed decommissioning plan and the onset  
12 of the process that would lead to a decommissioning  
13 license.

14 **MEMBER McDILL:** Thank you.

15 This intervenor speaks in several documents  
16 so I'm -- maybe I could suggest that this comment relate  
17 to all three?

18 I think probably it would be useful to have  
19 that definition somewhere because we seem to be using it  
20 more and more frequently.

21 That's concludes my question on this one.

22 Thank you, Madam Chair.

23 **THE CHAIRPERSON:** Mr. Howden.

24 **MR. HOWDEN:** Thank you, Madam Chair.

25 I just -- these regulatory guides were

1 produced in 2000 and they clearly need to be updated  
2 because we have strategies -- in terms of regulatory  
3 oversight have changed, so this term has come into play.

4 I'd just like to point out that in other  
5 facilities, for example, the Whiteshell; we did use this  
6 concept of safe state of closure to allow them to put the  
7 facility into a certain state while it went through the  
8 comprehensive study report under the environmental  
9 assessment.

10 So out of that, we were informed by better  
11 of what we meant but clearly, we need to put in a clear  
12 definition so that people at least understand it from a  
13 broad point because we do have definitions of what End  
14 state means -- which is another set of questions from the  
15 intervenor -- but the safe state of closure hasn't been  
16 formally defined, as yet.

17 Thank you.

18 **THE CHAIRPERSON:** I'd just like to further  
19 Dr. McDill's point, and there is a set of questions raised  
20 by the municipality and I -- for both the Zircatec and  
21 Port Hope Chemical Facility.

22 So I would like to offer this to Cameco and  
23 the staff; I think it's of benefit for both Cameco and the  
24 staff to clarify this for the municipality, in terms of  
25 the specific questions.

1                   I do believe that -- however, that question  
2 one is the Commission's to answer and so the Commission  
3 will answer that question in the reasons for decisions;  
4 that is our job in terms of what is required by the CNSC  
5 for this.

6                   However, in terms of the other questions  
7 and this -- I think that this would be appropriate that  
8 there was a conversation, and at a convenient time with  
9 Cameco and CNSC staff with the municipal management of  
10 Port Hope in these issues, just to give them an answer to  
11 some of the questions. Because some of them are not --  
12 you know, very specific to those facilities so I think  
13 that's an area that could be handled.

14                   However, the Commission does consider that  
15 its regulatory processes, in terms of hearings, does  
16 answer the issue about consultations. It's transparency  
17 in terms of the amounts, and the requirements we do have  
18 transparency in that area, so we do believe that the  
19 Commission has offered that to the community already.

20                   Any other questions on Zircatec?

21                   **MEMBER GRAHAM:** You are -- I was waiting to  
22 deal with the 13.9.2, but we're dealing with them all  
23 together? Okay.

24                   Well that just leads to the follow-up to  
25 what the Chair has just said, is that because of the high

1 profile of the presence of Cameco in Port Hope, will you  
2 be holding any type of formal discussions or informal  
3 discussions with the municipality, with regards to some of  
4 these questions, that some of them I realize are CNSC's to  
5 be answered but also with assurances, and especially with  
6 regard to, you know -- with regard to End state objectives  
7 and so on, will you be doing that?

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

9 In general, we think we have good  
10 communications with the municipality on most issues;  
11 essentially the letter directly to the Commission was  
12 somewhat of a surprise to us, on this. And we've  
13 certainly followed up with more discussion on this  
14 particular topic but we also felt that the -- much of this  
15 is addressed in other ways. When we talk about end state  
16 objectives, the end state objectives that we have chosen  
17 are basically the same as the Port Hope area initiative  
18 for the clean-up of historic waste in the town and there  
19 has been very extensive public consultations to reach  
20 those kind of end states. So we believe that our end  
21 states are consistent with the best knowledge at this  
22 time.

23 Otherwise, much of this really depends on  
24 the condition that the town is at and Zircatec is at when  
25 it comes a time to decommission because there will surely

1 be an environmental assessment and a due process where the  
2 public would be consulted extensively in the final  
3 decommissioning process. So we also felt that really many  
4 of these questions are -- that were put forward by the  
5 town were premature to the process that we would  
6 eventually undergo for decommissioning either one of the  
7 facilities in Port Hope.

8 **THE CHAIRPERSON:** Sorry, just before you  
9 leave that, that is why I am suggesting a discussion  
10 rather than a formal response. I mean the questions 1 and  
11 6 are really for the CNSC to answer and the CNSC will  
12 answer those questions.

13 The rest are, as you say, more of a  
14 discussion point about the issues and whatever, so I  
15 suggest it is part of a dialogue rather than a formal  
16 reply.

17 **MEMBER GRAHAM:** Thank you.

18 The only other question I have and that is  
19 to CNSC staff I guess. In a matter of very short-term, a  
20 few years, the rate of disposal has gone from two-hundred-  
21 and-fifty-five dollars (\$255.00) for a 45-gallon drum --  
22 well, I guess there's a range of 255 to 2200, but to  
23 4,554. What accounts for that huge increase? Is it ---

24 **THE CHAIRPERSON:** I think this is a  
25 question for Zircatec.

1                   **MEMBER GRAHAM:** Okay, to Zircatec then.  
2                   What accounts for such an increase. Is it  
3                   the limited places you can send this material now compared  
4                   to when originally the guarantee was put in place or could  
5                   you just explain why there is such an increase?

6                   **MR. OLIVER:** Andrew Oliver, for the record.  
7                   I will ask Mike Longinov to respond to your  
8                   question.

9                   **MR. LONGINOV:** Mike Longinov, for the  
10                  record.

11                  I think the biggest issue -- I don't know  
12                  the intimacies of Chalk River but we do receive from them  
13                  annual price lists. Several years back there was the  
14                  closing of the sand trench, so what we call the "cheap  
15                  area" had been decommissioned or no longer being used. So  
16                  everything would have to a bump-up to the next level.

17                  **MR. HOWDEN:** Barclay Howden speaking.

18                  We don't assess what AECL's costs are but  
19                  they do -- their storage of material is going into SMAGS-  
20                  type facilities which are very differently run than the  
21                  old ways of running them.

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

23                  I would just like to comment that one of  
24                  the comments that the Commission has made, is this written  
25                  submission from Zircatec was very helpful. So, thank you,

1 we realize that we have put a lot of pressure on the staff  
2 to be doing this and that perhaps you set some practices  
3 in place that are very interesting for -- probably that  
4 you need for your internal management anyway, but it was  
5 helpful for us to see this in writing from the company.  
6 So thank you very much.

7 That finishes the -- we will now -- I  
8 propose that we confer with regards to this information we  
9 have considered today and then determine if further  
10 information is needed or if the Commission is ready to  
11 make a decision and we will advise accordingly.

12 We are now moving to the -- directly rather  
13 than in staged time. If you agree, Mr. Gitzel, we will  
14 move directly to the next hearing.

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