



Canadian Nuclear
Safety Commission

Commission canadienne
de sûreté nucléaire

Record of Proceedings, Including Reasons for Decision

In the Matter of

Applicant Cameco Corporation

Subject Application for Approval of Revised Preliminary
Decommissioning Plan and Cost Estimate, and
for Acceptance of Revision to the Financial
Guarantee for the Key Lake Operation

Hearing Date January 15, 2015

RECORD OF PROCEEDINGS

Applicant: Cameco Corporation

Address/Location: 2121 – 11th Street West, Saskatoon, Saskatchewan

Purpose: Application for Approval of Revised Preliminary Decommissioning Plan and Cost Estimate, and for Acceptance of Revision to the Financial Guarantee for the Key Lake Operation

Application received: January 10, 2014

Member present: M. Binder, Chair

Preliminary Decommissioning Plan and Cost Estimate:
Revised

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1.0 INTRODUCTION

1. Cameco Corporation (Cameco) has submitted a request to the Canadian Nuclear Safety Commission¹ to revise the preliminary decommissioning plan and cost estimate for its Key Lake Operation located in north-central Saskatchewan. The current licence for the Key Lake Operation, UMLOL-MILL-KEY.00/2023, expires on October 31, 2023.
2. In accordance with conditions 12.2 and 12.3 of the current licence, Cameco is required to maintain a preliminary decommissioning plan and financial guarantee for the facility that is acceptable to the Commission. The Commission accepted the current decommissioning plan and financial guarantee, including the cost estimate for decommissioning, during a hearing held in October 2013.
3. Since the October 2013 hearing, Cameco has revised its approach to water treatment which will result in a reduction in water treatment costs. Consequently, Cameco is requesting minor revisions to the Key Lake Operation preliminary decommissioning plan, cost estimate and financial guarantee.

Issue

4. In considering the application, the Commission was required to decide:
 - a) if the revised preliminary decommissioning plan and cost estimate in the amount of C\$218.3 million for the decommissioning activities resulting from past and expected future activities of Cameco's Key Lake Operations, pursuant to conditions 12.2 and 12.3 of licence UMLOL-MILL-KEY.00/2023, meet requirements.

Panel

5. Pursuant to section 22 of the NSCA, the President of the Commission established a Panel of the Commission to review the application. The Commission, in making its decision, considered information provided for a hearing based on written materials held on January 15, 2015 in Ottawa, Ontario. The Commission considered written submissions from Cameco (CMD 14-H114.1) and CNSC staff (CMD 14-H114).

2.0 DECISION

6. Based on its consideration of the matter, as described in more detail in the following sections of this *Record of Proceedings*, the Commission concludes that Cameco has met

¹ The *Canadian Nuclear Safety Commission* is referred to as the "CNSC" when referring to the organization and its staff in general, and as the "Commission" when referring to the tribunal component.

the conditions of subsection 24(5) of the *Nuclear and Safety Control Act*. Therefore, the Commission, pursuant to licence conditions 12.2 and 12.3,

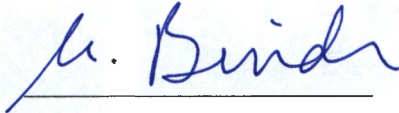
accepts the revised preliminary decommissioning plan, cost estimate and reduced financial guarantee in the amount of C\$218.3 million, for the decommissioning activities resulting from past and expected future activities of Cameco Corporation's Key Lake Operations located in north-central Saskatchewan.

3.0 ISSUES AND COMMISSION FINDINGS

7. CNSC staff reported that they assessed Cameco's decommissioning plan in accordance with CSA Standard N294-09: *Decommissioning of Facilities Containing Nuclear Substances* and CNSC Regulatory Guide G-219, *Decommissioning Planning for Licensed Activities*.
8. CNSC staff reported that, at the time of licence renewal on October 29, 2013, the Commission, in conjunction with the Province of Saskatchewan, accepted Cameco's preliminary decommissioning plan, cost estimate and financial guarantee of C\$225.1 million. The Saskatchewan Ministry of the Environment is involved in this process as they are the beneficiary of the irrevocable letters of credit for the financial guarantee.
9. Since the October 2013 licence renewal, Cameco has made minor revisions in the decommissioning plan and a 3% reduction in cost estimates, from C\$225.1 million to C\$218.3 million. In their written submissions, Cameco reported that previous decommissioning cost estimates were based on a highly conservative and more costly operational 'mill water' treatment cost. Cameco has since revised its approach to water treatment at its Key Lake Operations to a more realistic and cost-effective method including the use of higher quality groundwater from around the Deilmann tailings management facility. The revised decommissioning cost estimate includes a 20% contingency with annual inflation allowances.
10. CNSC staff reported that the Saskatchewan Ministry of Environment accepted the revised plan and cost estimates in January 2014, and requested Cameco to update its financial guarantee.
11. CNSC staff assessed the preliminary decommissioning plan, cost estimates and reduced financial guarantee, and concluded that they remain consistent with regulatory requirements.

4.0 CONCLUSION

12. The Commission has considered the information and submissions from Cameco and CNSC staff and is satisfied that the requested revised preliminary decommissioning plan and cost estimate meet regulatory requirements. Furthermore, the Commission accepts the proposed financial guarantee in the amount of C\$218.3 million.



Michael Binder
President,
Canadian Nuclear Safety Commission

JAN 15 2015

Date