Public Hearing

BEFORE/DEVANT:

Ms L.J. Keen President/
Dr. A.J. Carty Member/Membre
Dr. C.R. Barnes Member/Membre
Dr. Y.M. Giroux Member/Membre
Mr. A.R. Graham Member/Membre
Ms L.J. MacLachlan Member/Membre

ALSO IN ATTENDANCE/AUSSI PRÉSENTS:

Ms A. Nowack Commission Counsel/
Mr. G.C. Jack Secretary/Secrétaire
Mr. B. Gerestein Hearing Manager/

HELD AT:
The Davidson Centre Centre Davidson
Durham Street Rue Durham
Kincardine, Ontario Kincardine (Ontario)
April 19, 2001 le 19 avril 2001
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--- Upon commencing on Thursday, April 19, 2001

at 9:30 a.m.

Opening Remarks

MR. JACK: Good morning, ladies and gentlemen.

Bonjour, tout le monde.

A couple of logistical details from me first before I hand over to the Chair. My name by the way is George Jack, I'm Secretary of the Commission. As usual, transcripts will be prepared of this public hearing. They will be available early next week. There is also simultaneous translation capability to facilitate discussion in both official languages.

Si quelqu'un a besoin d'un appareil, les appareils sont disponibles pour tout le monde pour qu'on puisse utiliser n'importe quelle langue officielle.

I would ask as a matter of courtesy to others in the room that cell phones be silenced for the duration of the Public Hearing.

With that, I will turn this over to the Chair of today's Public Hearing, the Chair
of the Canadian Nuclear Safety Commission, Ms Keen.

THE CHAIRPERSON: Thank you very much, Mr. Jack. My name is Linda Keen and I'm the President and CEO of the Canadian Nuclear Safety Commission.

Well, it's a great pleasure for the Commission to be here in Kincardine, and before we start this morning I would like to thank the people of Kincardine for welcoming the Commission and the Hearings to here today, and for the people from the Davidson Centre for making the arrangements for us to have the Hearing here today.

It's extremely important for the Commission to have the opportunity to be here and to provide intervenors, either through oral submissions or written submissions, the opportunity to hear the Commission's views, to input to the Commission's decision and, therefore, to provide the most transparent process possible which is the aim of this Commission.

So I would like to thank you all in advance for your cooperation and help, and I'm very pleased to see so many people with us today.
First of all, I would like to introduce the Commission Members that are with us today. We have the full Commission with us. I'm just going to start on my left with Dr. Barnes, next is Mr. Graham, next is Ms MacLachan, Dr. Giroux, and to my right is Dr. Carty, and all Commission Members are here.

In addition, the Hearing this morning was opened by the Secretary of the Commission, Mr. George Jack, who is a member of the Commission Secretariat, and our legal counsel, Ms Nowack, is with us as well on my right.

01-H11/01-H11.A

Adoption of Agenda

THE CHAIRPERSON: I would like to start by the adoption of the agenda. The agenda is outlined in CMD Documents 01-H11 and 01-H11.A. The following CMD Documents were added to the agenda after publication on March 22nd, 2001, they are the following:

CMD 01.H11.A, Agenda Update, on April 17th this was faxed to the participants and all intervenors; Document H6.A, Supplementary Information from the Commission Staff; Document
Just a note. We have sought, as much as possible, to involve all the intervenors at their time of request in terms of the oral presentations. If there are any issues, from the point of view of those intervenors which will be giving oral presentations, I would ask you to contact the Secretariat staff which are located at my right during a break. Therefore, I will start by the adoption of the agenda.

Are there any comments or questions from the Commission?

Can we have the adoption of the agenda?

MEMBER CARTY: Moved.

THE CHAIRPERSON: Moved. Adoption of Agenda. Thank you very much.

HEARING DAY 2
THE CHAIRPERSON: Therefore, we'll go to item number 3 of the agenda, Hearing Day Two. Hearing Day One was held on February 8th, 2001.

3.1 Bruce Power Inc.: Bruce A and Bruce B Nuclear Generating Stations Operating Licences

THE CHAIRPERSON: The Hearing is Bruce Power Inc., Bruce A and Bruce B Nuclear Generating Stations Operating Licences. These are as outlined in CMD Documents 01-H6, 01-H6.1. March 20th was the deadline for filing for intervenors, and all listed on the updated agenda met this deadline.

Members that were present on February 8th, 2001, which was Hearing Day One, included the following members of the Commission: The President, Mr. Graham, Dr. Giroux and Ms MacLachan. The following Commissioners were absent for Day One, which is Dr. Carty and Dr. Barnes. Dr. Barnes and Dr. Carty will be participating in the question period today but they will not be participating in the decision at that time.

I would like to just outline for...
those of you in the room the procedure that I intend to take today. I'm going to start out by grouping the following presentations. The following presentations will be grouped because it is the view of the Commission that they present an overview of the operations of Bruce A and B and the Hearing would be best served by hearing these presentations together.

So we will start out by the following grouping of presentations. We will hear 6.1A from Bruce Power Inc.; we will also hear 6.A from the CNSC staff; we will also hear 6.2 from Ontario Power Generation. These are all oral presentations. We will then consider the following written submissions: H36 and H37. This is in order that the Commission has an opportunity to look at these documents together, which we think will be in the best interest of the Hearing.

I will ask for all these oral presentations and for consideration of those two written presentations all together before we will open for questions from the Commissioners, so that we will provide that general overview. So that will be the first part of the agenda.

The second part of the agenda will
be the oral submissions from intervenors, and
those will be presentations and then questioning
individually by the Commissioners. So each oral
presentation will be given by intervenors and then
there will be questions by the Members of the
Commission.

Then we will move on to written
submissions and, again, we will consider them and
there will be an opportunity for the Commission
Members to ask questions or have comments. So
that will be the order that we will have during
the day.

I will have breaks and we will
have a break for lunch and, if necessary, we will
have a break for dinner and come back after
dinner. Our purpose will be to continue with the
submissions today in full from that point of view.
So I just want to ensure that
everyone understands that, and if there are any
concerns from the applicant or from anyone else
that they give us that sense right now.

Okay. Well, thank you very much.

Therefore, based on that agenda,
I'm going to start now with the requests for
presentations. On that basis, I will start with
the oral presentation by Bruce Power Inc. which is outlined in CMD Document 01-H6.1A and I believe that the Chairman and Chief Executive Officer, Robin Jeffrey, will speak.

01-H6.1A

Oral presentation by Bruce Power Inc.

MR. JEFFREY: Madam Chairman, Commission Members, Commission staff, good morning. My name is Robin Jeffrey. I'm currently the Chairman and CEO of Bruce Power Inc. and also the Deputy Chairman of British Energy plc, the majority shareholder of Bruce Power Inc.

I'm joined today by the same team who accompanied me to the Day One Hearing in Ottawa on February the 8th: Duncan Hawthorne on my right who is currently the Executive VP, Chief Engineer of Bruce Power, David Gilchrist on my left who is the Executive VP Finance, and Robert Nixon on the extreme right who is currently Ontario Power Generation Site VP for the Bruce Nuclear site and who is a member of the Bruce Power Executive Team.

Bruce Power is here today to provide an update to the Commission on progress in
a number of areas since our Day One Hearing, and
specifically to provide additional information in
the three areas that you, Madam President,
identified as of particular importance to our
application, namely: Community consultation,
safety culture and regulatory commitments. We
will be most pleased to answer any questions which
you may have.

First of all, I would like to
update the Commission on some changes to the
organization of Bruce Power. As I will become
Chairman of British Energy plc in July of this
year, the roles of Chairman and Chief Executive
Officer of Bruce Power will shortly be separated
with Duncan Hawthorne assuming the role of Chief
Executive Officer.

Duncan has more than 25 years in
the power engineering business and has held senior
positions in British Energy's U.K. and North
American operations. He's been in his current
position with Bruce Power since April, 2000 and
has played a lead role in the due diligence
negotiations and transfer of operations.

Next, Ken Talbot will be joining
Bruce Power replacing Duncan Hawthorne as
Executive VP, Chief Engineer. For the past three years, whilst Head of Operational Safety for nuclear installations at the International Atomic Energy Agency (IAEA) Ken has led twenty successful improvement missions to nuclear power plants in twelve countries.

Prior to joining the IAEA, Ken Talbot's career spanned 25 years with Ontario Hydro, notably as Director of the Bruce A nuclear power plants between 1991 and 1996. Mr. Talbot will be a member of the Bruce Power Board of Directors.

And finally, Frank Saunders will join Bruce Power as VP Safety and Environment on May the 1st. For the past six years, Frank has been Director of Nuclear Operations and Facilities at the McMaster Nuclear Research establishment in Hamilton. Prior to 1995 he acquired broad experience in nuclear plant operations during a period of 15 years with Ontario Hydro.

On the next slide, at the Day One Hearing I said that two independent directors were in the process of being appointed. I'm pleased to advise the Commission that both of these directors, Robert Milborne and Jay Spencer...
Lanthier, have now been appointed and have attended board meetings. Both are Canadian citizens and bring extensive experience to the team.

Bob Milborne has enjoyed a distinguished business career with Stelco Inc. and its related divisions. He will chair the Bruce Power Board Safety Supervisory Committee and bring strong credentials to this role. He is a former Commissioner of the Ontario Human Rights Commission and a founding Director and Treasurer of the Occupational Health Clinics for Ontario Workers Inc., an initiative sponsored by the Ontario Federation of Labour.

Spencer Lanthier recently retired as Chairman and Chief Executive Officer of KPMG Canada capping a successful 40-year career with the Canadian arm of the global accounting and consulting firm. He is a Member of the Order of Canada and is a director on several boards, including the Bank of Canada and the Toronto Stock Exchange. Spencer will Chair the Bruce Power Board Audit Committee and also the Pension Committee. The Bruce Power Board is now up to its full commitment of nine members.
On the next slide, Bruce Power believes in a policy of openness whilst observing the constraints of running a business that operates in a competitive market and whose owners are listed on the Stock Exchange. We believe that in order to promote support for nuclear power amongst the general public we must build understanding and trust.

Since announcing the lease transaction last July, Bruce Power has undertaken a number of initiatives to keep the public, our staff and the local community informed about our company and our progress. This slide outlines some of the methods we have used to establish a dialogue with the local communities around the Bruce site and with members of the public.

At Bruce Power we believe that creating a community-oriented company is vital to our overall success. We are committed to being a good corporate citizen, supporting activities and causes that promote safety, health and the environment and, in particular, promote the well-being of children and families in our community. We are committed to continuing this pro-active approach to communications in the
future.

On the next slide, a defining step for Bruce Power was the decision to locate our corporate office on the Bruce site. All the members of our senior management team have or plan to have their home in the communities around the Bruce site.

We believe in face-to-face communications. We have instigated a regular newsletter called "OpenLine" posted on our web site for access by employees and the public. We participate in regular meetings with community officials and local community-based stakeholder groups.

On the next slide, in order to ensure that our stakeholders and the local community were aware of the public consultation process in respect of Bruce Power's licence application, we initiated a communication plan to raise awareness of the licensing process. We posted our submission on our web site together with information on how to participate in the Hearing process. We placed all of this into the local libraries along with copies of our lease agreement and master agreement with OPG.
We sent letters to stakeholders outlining the CNSC Public Hearing process and describing how to access our submission. We offered to answer any questions they had on the submission.

We sent postcards to over 17,000 homes in the local community describing the CNSC process and providing contact details for submitting an intervention.

Now, I would like to pass over to Duncan for the remainder of this presentation.

MR. HAWTHORNE: Thank you, Robin.

Madam President, Members of the Commission, good morning. At the Day One Hearing we were invited to comment on Bruce Power's methodology and approach to the creation of a strong safety culture. We believe that there are three components that support a strong safety culture, these being leadership, employee engagement and communication.

Leadership has to be based on a key set of values that are delivered through the behaviours that all staff can see. These values provide the pervading principles that support all decision-making within the organization. However,
the leadership can be effective only if it is highly visible. We will ensure that our management team are available at the workplace to provide guidance and support and to hear employees' feedback. The setting of clear management expectations for performance is best achieved through coaching behaviours in the field, and this will be a characteristic of the Bruce Power Management Team.

We have created an organizational structure that places clear accountability on the executive team members, and in the case of safety performance we have an independent board level oversight process.

Fundamental to all initiatives to change culture, there must be a process that encourages employee involvement and engagement. We are committed to using the International Safety Rating System to create an environment for this involvement. The team working nature of the ISRS system will ensure that staff at all levels become involved in the delivery of improved performance.

The Memorandums of Understanding we have created with the Unions are designed to create a partnership approach. This will deliver

StenoTran
our changed programs. The business improvement process is coordinated through a joint union management team working approach.

Thirdly communication. The Bruce site has some 3,000 employees and the delivery of timely, accurate and relevant information to all staff represents a significant challenge. Our communication behaviours will seek to create as much face-to-face dialogue as possible. We will develop a site intranet as a vehicle to give all staff access to relevant information and to solicit their feedback. The use of safety team talks as an element of the ISRS system provides a very structured period of time set aside to concentrate on purely safety matters.

These three elements - visible leadership, employee engagement and effective communication - will, we believe, deliver real, measurable and sustainable improvements in all areas of safety performance.

Turning now to Bruce Power's position relative to outstanding regulatory commitments for the Bruce Nuclear facilities. As part of our licence application, we confirmed that we would honour existing commitments and would
continue to use the existing commitment management system. This represents a considerable investment of both capital and resources over the next four years with around $140 million (Canadian) of safety based improvements.

We will be delivering programs of work that are designed to make improvements to the operational performance of these facilities as viewed by the regulator and our owners. We see the safety improvement program as entirely consistent with our commercial improvement programs.

As part of OPGI's performance reporting commitment to CNSC, a status report has been recently delivered. Bruce Power has conducted its own review of this document and we have informed CNSC staff that we accept this as a true record of the status of the occupational programs for baseline performance monitoring of our future performance.

Finally, we have examined the staffing levels across the site and reviewed the arrangements for allowing some 300 staff to retire from OPG in advance of Bruce Power assuming operational control. We have satisfied ourselves...
that appropriate arrangements are in place to
deliver a serious hand over of responsibilities
across the site and that the safe operation of the
site can continue to be guaranteed.

Additionally, good progress has
been made in recruiting new staff to the site.
You'll see from this slide that we have been
successful in recruiting staff at all levels in
the organization, and the very encouraging news
that the applications far exceed the number of
vacant posts. We are working closely with
colleges and universities to establish a longer
term relationship to manage our recruitment needs.

In preparation for financial
close, we have completed all of the transitional
activities required to put ourselves in a state of
operational readiness. This has been confirmed
through independent audit. The transition team is
now working to complete any outstanding
non-operational and financial arrangements to
bring the transaction to financial close.

In conclusion, Madam President,
Members of the Commission, we have made good
progress since our last presentation to the
Commission. We have a full executive team
structure in place and the existing Bruce Site staff have all been made aware of the changes that occur as part of this transition process. We have demonstrated operational readiness and are in a position to accept our licence at the discretion of this Commission.

Bruce Power has worked closely with CNSC staff and OPG staff to ensure that all arrangements are in place to satisfy licensing requirements. We are committed to a culture of safety first and to being a member of the Bruce community.

Thank you for your attention.

THE CHAIRPERSON: Thank you very much. As I noted earlier, and with the approval of the Members of the Commission, I will now move to document 01-H6.A which is the oral presentation by CNSC staff, and Mr. Blyth.

01-H6.A

Oral Presentation by CNSC Staff

MR. BLYTH: Thank you very much, Madam Chair.

My name is Jim Blyth. I'm the Acting Director General of the Directorate of StenoTran
Reactor Regulation. I'm accompanied today by Mr. Jim Douglas on my far left who is the head of our site office, our Bruce Site office.

On my immediate left is Mr. Mike Taylor, the Department Director of the Directorate of Reactor Regulation, and on my right is Mr. Peter Elder, the acting Head of our Power Reactor Evaluation Division, and Mr. Elder will be making the presentation on behalf of the CNSC staff.

MR. ELDER: Good morning, Madam President and Members of the Commission.

As Jim mentioned, my name is Peter Elder. I'm the Acting Director of the Power Reactor Evaluation Division. CMD 01-H6.A provides supplementary information on Bruce Power's application for licences for Bruce A and Bruce B Nuclear Generating Stations. The complete staff-reviewed application is contained in CMD 01-H6.

CNSC staff would also like to update the Commission on other recent developments relevant to the Bruce stations. This presentation will cover the following topics: Revision to Bruce Power's letter of financial assurance as discussed in CMD 01-H6.A, recent developments on
the large loss-of-coolant analysis and with feeder pipes and their impacts on the Bruce facilities; and finally, CNSC staff's ongoing monitoring of Ontario Power Generation's integrated improvement plan initiatives at Bruce.

To address the CNSC staff concerns on the operational financial capability, Bruce Power had supplied the CNSC with copies of letters of credit from British Energy and Cameco. These letters would give Bruce Power access funds to cover six months of operation and maintenance costs for both Bruce A and Bruce B stations. The intent of the letters was to provide assurance that Bruce Power could cover a prolonged shutdown of Bruce B during which it would have no source of revenue. These assurances are additional to any financial guarantees for decommissioning.

The letters have recently been modified by British Energy and Cameco to clarify that funds are available to the licensee, Bruce Power Inc., when it deems necessary. Copies of the revised letters are attached to CMD 01-H6.A. License condition 11.3 and the proposed Bruce B licence has been modified to reference the revised letters. The changes to the letters do not affect
the amount or nature of the assurance.

CNSC staff has also confirmed that the letters were approved by the Board of Directors of both Cameco and British Energy.

As discussed in the Significant Development Report at the March Commission meeting, Ontario Power Generation reported in February that the consequence of a critical large loss-of-coolant accident could be worse than previously predicted at all stages. This finding arose during a comparison study of reactor physics codes. The latest status of this topic is provided in CMD 01-H6.37.

For Bruce B, Ontario Power Generation has updated the analysis with more restrictive operating limits. This analysis supports continued operation of the station. Ontario Power Generation has committed to conducting follow-up work to confirm the results of the analysis and to improve safety margins in the longer term.

Bruce Power has confirmed it will honour Ontario Power Generation's commitments on this issue if they are issued a licence. The findings have no impact on Bruce A in the current
defueled shutdown state. The large loss-of-coolant analysis would need to be reassessed if any Bruce A units are restarted.

The second recent development concerns feeder pipes. In March of this year New Brunswick Power discovered a leak in the feeder pipe at the Point Lepreau Generating Station. Subsequent inspections by New Brunswick Power identified two additional cracks in the elbows of the outlet feeders.

In response to these findings at Point Lepreau, Ontario Power Generation is developing an enhanced feeder inspection program to look for similar cracks at their stations. Bruce Power is aware of this information and recognizes its potential implications on Bruce.

Ontario Power Generation has had an ongoing integrated improvement plan that covers all its sites. As stated in CMD 01-H6, Bruce Power has committed to continue with improvements in every area addressed by the plan. CNSC staff would like to update the Commission on how we will track the commitments by Bruce Power.

Ontario Power Generation has recently transferred control of the projects under
the plan to the individual sites. CNSC staff has been monitoring this transition and has requested site-specific plans to ensure that we can track progress at each site. We have requested similar information from Bruce Power and will continue this approach of monitoring each site if Bruce Power is issued a license.

Also, CNSC staff continue to provide the Commission with the six-months update on the progress of the IIP initiative. These updates will include progress by Bruce Power, if Bruce Power becomes a licensee. I note that the next update is due in May of this year.

The information presented today does not change CNSC staff's overall conclusion that Bruce Power is qualified to operate Bruce B and maintain Bruce A in the current shutdown state. Our recommendation remains that the Commission issue licences to Bruce Power with an expiry date of October 31st, 2003.

The proposed licence for Bruce A contains a condition that units cannot be restarted without CNSC approval. If Bruce Power wishes to proceed with the restart of some Bruce A units, a separate licensing process similar to
that currently ongoing for Pickering A would be required.

Thank you. This concludes our presentation.

THE CHAIRPERSON: Thank you very much. Again, with the approval of the Commission Members, I will move now to the oral presentation by Ontario Power Generation as outlined in CMD Document 01-H6.2 and Mr. Drinkwater.

01-H6.2

Oral Presentation by Ontario Power Generation

MR. DRINKWATER: Thank you, Madam Chair, and good morning Commissioners.

First let me introduce the representatives from OPG that are here this morning. My name is David Drinkwater and I'm an Executive Vice-President of OPG and responsible for the Bruce transaction.

On my right is Pierre Charlebois who is a Senior Vice-President and our Chief Nuclear Engineer. Behind me, Gene Preston, an Executive Vice-President and Chief Nuclear Officer of OPG; Pat McNeil, a Vice-President of Corporate Development and the Senior Officer who has led the
transition process with Bruce Power for OPG; and
Cedric Jobe, our Vice-President of Regulatory
Affairs; and, as previously introduced, on my
left, Robert Nixon who is currently OPG's Site
Vice-President at the Bruce.

OPG is intervening today in
support of the Bruce Power application. The
outline indicates the areas covered in our written
submission. At the first Hearing I spoke in
response to the issue of financial guarantees as
they relate to decommissioning. An item which we
have confirmed in our written response is a matter
which will continue to be the responsibility of
OPG and its shareholder.

Today I would like to focus my
remarks on two other issues: Ongoing support and
services between OPG and Bruce Power, and the
issue of the transition process, and then make a
couple of concluding remarks.

Listed on the next slide are
elements of some of the areas where we are
providing support to Bruce Power on an ongoing
basis. Let me back up and just go over the
process we went through to reach the Master
Agreement.
One of the key elements that was undertaken in the period leading up to July of last year was an extensive due diligence process by Bruce Power and an extensive process of determining, both on their part and our part, what areas of support and services would be appropriate going forward. And accordingly, the Master Agreement which we entered into last July has appended to it documentation called "Term Sheets" which set out in some detail both of the areas where we will provide support and the key principles that underlay them.

In the months subsequent to the July announcement, considerable additional work has been undertaken between Bruce Power and ourselves to satisfy ourselves that, in fact, the principles and areas as we outlined them in some detail at that time can be delivered between the parties. And, in that regard, I would just note the important fact that this represents a continuation of support which is provided today by OPG to the site.

We are now in a position to sign formal agreements between the parties which will make these agreements operational going forward.
We also believe that the way we have structured these agreements will provide additional benefits in the sense that this will provide for an important sharing of technical information between Bruce Power and OPG on an ongoing basis and facilitate the ability of coming up with the best solutions possible and the best support possible for the industry going forward.

In addition, we believe that these services can be provided in a competitive environment. First of all, OPG has in the past provided services similar to these to other nuclear operators in Canada, albeit not in a competitive environment, but providing such services in a competitive environment is a common practice in the U.S. experience. To give you perhaps the best example would be Duke, a major nuclear operator in the United States, also one of the leading providers of engineering services to other nuclear operators in the United States including operators in areas where there is or soon will be a competitive marketplace that Duke also competes in through its marketing and trading arms.

In addition, there are now two
alliances being formed of other smaller nuclear operators in the United States where they are getting together and sharing information and sharing outage responsibilities across their nuclear fleets. There's one called the Utility Service Alliance which involves utilities in Michigan, Ohio and Illinois area including, for example, Detroit Edison and CMS where they will be sharing information about operating and maintaining their facilities, albeit in areas where there is now or soon will be a competitive marketplace. So we believe that the provision of these services can and should be provided in a competitive environment.

Turning to the issue of the transition process, we in Bruce Power undertook a very significant transition process that started immediately after July. Notwithstanding the fact, as has been previously noted, that the significant majority of the employees will transfer across to Bruce Power, we felt it was important to ensure that we went through a rigorous transition process. That process has now been effectively completed and we are satisfied that Bruce Power is in a position to take over and safely and
effectively operate these facilities.

I would also note two particular instances or elements of this particular transition that we think were particularly helpful in making it successful. The first is the comment that was made earlier by Bruce Power, that their decision to come to the site immediately after the agreement was announced was, we believe, of great assistance in terms of the transition. In terms of first-hand knowledge and experience in getting up the curve, it's been very helpful.

The second is, this is the fourth transaction that British Energy Group have done transitioning over a nuclear facility in North America, the other three in the United States, and while there are differences between the types of facilities, many of the issues that you have to deal with in the transition context were similar, and we found that very helpful in the process.

In conclusion, we reaffirm our support for this transaction. We believe that appropriate and effective service and support arrangements are in place between OPG and Bruce Power. We believe that the transaction process has been successful and Bruce Power is ready to
take over the successful and safe operation of these facilities.

And finally, we believe that the introduction, while new to Canada, of an experienced and well-qualified nuclear operator will be of benefit not just to the Bruce community but also to the Province of Ontario and, in fact, to the nuclear industry in Canada in general and we very much look forward to working with them as we go forward.

Those are our comments this morning. We would be happy to take questions at the appropriate point.

THE CHAIRPERSON: Thank you. As noted earlier, and with the approval of the Commission Members, I would withhold questions just until I note the two written submissions that I would like the Commission to consider before we open the floor. I will repeat those written submissions.

01-H6.37 Written Submission from CNSC Staff;
01-H6.36 Ontario Power Generation: Progress and status reports for Bruce Nuclear Generating Station

StenoTran
THE CHAIRPERSON: I would draw the Commission's attention to the following two written submissions that will be subject to questions, the first being CMD Document O1-H6.36, Ontario Power Generation Progress and Status Reports for Bruce Nuclear Generating Station B; also CMD Document O1-H6.37, the written submission from CNSC Commission Staff, Follow-up Report on Large Loss-of-Coolant Accidents noted in Significant Development Report CMD 01-AM24 which was also referred to in the oral presentation by the Commission staff.

On that basis, noting the three oral presentations and two written submissions, I now open the floor to questions from the Commission Members.

Dr. Giroux.

MEMBER GIROUX: I would like to start with questions for Bruce Power. The first one is a general question about your intentions as regards staffing.

You have indicated numbers of present OPG staff that are going to stay with you and some are going to leave, but my question is more general. You have indicated in your

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presentation, this time on Day One, that you were hoping to obtain improved productivity, improved efficiency in producing nuclear power.

The question is: Are you planning to maintain the same number of staff for this same output, or what are your intentions as concerns that aspect of staff for output?

MR. JEFFREY: I'll start with a general response and Duncan will follow up with some more details.

The issues that we are faced with are, first of all, the safe operation of running the Bruce B plant, the improvement in terms of a number of the planning and organization approaches, the need to face the challenge of the demographics on the site of about half of the numbers of staff being eligible for retirement over the next few years, the importance of recruiting young, qualified staff into the site, and the potential challenge of restarting Bruce A which will, of course, be the subject of a separate application to the Commission at the appropriate time. So those are the broad issues that we outlined on Day One.

I will pass over to Duncan on how
we are tackling these specific issues.

MR. HAWTHORNE: Perhaps if I could inform the Commission of the overall staffing plans that existed prior to Bruce Power arriving. Ontario Power Generation had conducted an assessment of the manpower requirements for the facility. It lead them to a position of forming a view that the staff was probably about four to 500 over complement against their current needs. Had Bruce Power not come along, then arrangements would have been put in place to transfer those staff from the Bruce facilities to other OPG plants.

As a result of this transaction, those transfers were halted, and so the staff complement remained the same for that entire period and has consistently been so.

The rationale behind that from Bruce Power's point of view was that we wanted to have an available staff complement to make sure we could make the changes in a sufficient time period without being at risk, if you like, in terms of a shortfall of skills.

So what we sought to do in the short term is to identify through a very, very
rigorous capability review of the staff for the next five years. We've looked at the overall demographics, we've looked at the critical skills areas, and certainly we've had a look at the training requirements in order to recruit staff and bring them up to speed.

Where we've seen that to be a problem area such as control technicians or nuclear operators, immediate recruitment has been in place for that, and in the broad picture looking at overall staffing needs, we started with a position where more staff were on site than would have been the case had OPG continued to be the licensee. We supported that because of our forward-going projections in terms of staff needs.

We did a critical review to identify key skills that we may be short of and, with help and support from OPG, were able to recruit those staff back into the organization.

Thirdly, we have certainly made it clear that we believe there is room for productivity improvement on the site and performance improvement. We have strategies to do such things, but we see us doing that in a stable manpower environment for the early period.
As I said at the Day One Hearing, there is no magic wand to improve productivity. We have processes. As part of due diligence, we did identify opportunities for improved productivity, these being in the area of work management, et cetera.

As we struck our negotiations with the union, we identified two or three areas that we did want to deal with that we believed would deliver very short-term productivity improvements, things like the introduction of mixed working groups, fix-it-now teams which are a fast response to manage maintenance backlogs. These are initiatives that are primarily to deliver quick wins in terms of the productivity and effectively delivering people to the work site.

So, taking all those things together, we believe we've got a sufficient complement to address the immediate needs of the station. We have programs in place that we will see the result of before we decide, you know, any other staffing relocation throughout the site facilities.

MEMBER GIROUX: Thank you. A second question, if I may, again for British
Power, a completely different line.

I read in your presentation that you met or tried to meet with what you call "potential negative intervenors." I would like to hear about what were the results -- what was your offer and what were the results?

MR. JEFFREY: One of the values of British Energy plc and of Bruce Power Inc. is open and honest communications, and we believe it is extremely important to make information available on the web site, to offer to meet and to have discussions.

Duncan participated in these discussions and he will tell you what the subjects were and what the questions were and how these discussions went. Duncan.

MR. HAWTHORNE: One of the things that Mr. Drinkwater said in his presentation was that we had some helpful experience from previous transactions. It has become obvious to us in doing these transactions that we should always make every effort to communicate to anyone who may have an interest in the proceedings.

We did so by contacting people who may have historically had some interest in
previous licensing proceedings and by making our information available to them.

The basis for those discussions was largely so that we could understand each other and get to know each other. We recognize that potentially people will still have contrary views, and that's okay because that's the way life is. We certainly did meet or offer to meet with some of the intervenors, and where it was possible to have those meetings, I believe that the interventions are better informed. We won't disagree over matters of fact.

So our intention in these proceedings was to make available to intervenors the detail and content of our filing, to explain what our thoughts and plans were for the future, and to give them a good understanding of our business practices and, to be honest, you know, the Sierra Club took up our invitation and I'm sure you will hear in their own presentation the outcome of that discussion where we sought to make clear our positions in that.

Other intervenors we contacted with a view to making sure that they had access to all the information they may require in order to
complete their intervention.

THE CHAIRPERSON:  Ms MacLachan.

MEMBER MacLACHLAN:  My question is with respect to the financial guarantees that British Energy has outlined in its letter of March 21st, 2001 to Bruce Power.

Are these funds earmarked or set aside in any way within the books of British Energy for Bruce Power?

MR. JEFFREY:  These funds will be made available from undrawn banking facilities that the group - I'm talking British Energy and Cameco - undrawn banking facilities that the parent companies have. In other words, the cash resources of the parent Cameco and British Energy will be used.

There are not earmarked funds, if you like, put away in a segregated fund, if that's the background to your question. That's a separate issue from the point of view of the availability of the funds which are demonstrated by looking at the short-term liquidity of the business in terms of its financial capacity to meet those requirements on a short-term basis.

The background calculations for
those were supplied to the CNSC staff and I talked through with Mr. Elder how we arrived at those numbers. So that information has been provided.

MEMBER MacLACHLAN: My concern is with respect to the secured nature of those funds. If the parent company is able to use those funds for other projects that it may have around the world, my concern is with respect to the availability and the bankability of these financial assurances.

I see this letter as more of a comfort letter as opposed to an instrument, a financial instrument that would secure moneys on behalf of Bruce Power so that there is a guarantee that those moneys are indeed available when and if Bruce Power requires them.

MR. GILCHRIST: There is no question but that there is a guarantee that those funds will be made available. To the extent that the company has those resources, it will make that money available.

To give you a sense of the quantum here, in terms of British Energy, the funds available to the company as of its published accounts for '99/2000 were $983 million against a
potential call of $222,314,000 and so on.

In terms of Cameco's resources, Cameco's short-term liquidity capability for the financial period 1999 and the third quarter of 2000 they had $758 million for short-term liquidity against a guaranteed requirement of just over $41 million.

So I think it should be apparent from those numbers that these requirements can be met from the company's short-term cash resources.

MEMBER MacLACHLAN: If I may, Madam Chair.

I do take your point in terms of short-term liquidity. My concern is over the longer period of time of operation of Bruce Power.

My next question would be to staff and that is staff of the Commission: What other forms of financial instrumentation did you look at in order to secure moneys or -- I'll just leave it at that.

MR. BLYTH: I'll pass that question to Mr. Elder.

MR. ELDER: For this type of financial assurance, CNSC has no policy and had actually never run into a situation like this.
where we thought we would need something.

Our first reaction was to look --
we had a research report done to look at practices
in other countries and we looked at what --
actually asked the applicant what they had to do
in other countries as well.

While we realize that this is not
a firm segregated fund, we thought that was
acceptable for two reasons: One, this is to cover
contingency, not a known future cost, and we also
put in an annual reporting requirement in the
licence condition, so that Bruce Power going
forward would have to report to us on an annual
basis that these funds were still available, and
the licence condition is written that if at any
time we decide that these funds are no longer of
sufficient assurance, that we can request another
type of assurance.

So there's ongoing monitoring by
staff on an annual basis.

MEMBER MacLACHLAN: Thank you.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: I'm not sure
whether these are going to be heard, I guess.
Okay.
Just to follow up on that, and that was along the line of my questioning also to CNSC staff, did you have any outside or financial institutions look at other means of security or how security could be secured better?

MR. TAYLOR: My name is Mike Taylor and I am the Deputy Director General of Reactor Regulation. I was involved in the initial work to determine the process that we would use for this activity.

As Mr. Elder has said, we had a research program carried out, we established that the USNRC, Nuclear Regulatory Commission, in the United States has a similar program for applicants who are seeking to transfer licences which is a similar practice of changing ownership of plant or the operational responsibility for the plant, and they require that licensees provide assurance that they can cope with a period of non-viability of a plant, that is, when the plant is not making any money, to keep the plant safe, and that is before the period that you go into the decommissioning funds.

So this is, as Peter Elder said, a contingency question. It may not ever arise, and
they accept from licensees letters of credit such as are being proposed here.

So we felt that since this is the first time that we have carried out an operation of this sort and it is allowed under the Act, Section 24.5 says that the Commission may seek financial assurances and we would adopt the process that the United States Regulatory Commission has been using quite successfully. They also accept the equivalent of six months operation and maintenance as the sum involved.

And since, as we've already stated, this is not a certainty, merely a contingency against a possibility, we believed it was acceptable to accept letters of credit as opposed to guaranteed segregated funds.

MEMBER GRAHAM: Thank you.

I'll come back to another question with regard to the amount. But just on that, is that amount noted on the balance sheets of British Energy, noted on the financial statements, I should say, of British Energy or noted in any way that there is a commitment there?

MR. GILCHRIST: Since this is a contingent obligation, this would not be
explicitly stated on the balance sheet of the parents.
I would just like to point out just for clarity sake so we all understand, we're talking here about operational funding. This is not part of the decommissioning funding obligation.
So far as I'm aware, I'm not aware of any nuclear operator that holds segregated funds for operational cash.
MEMBER GRAHAM: My second question is, you have not -- it is not noted on balance sheets, so therefore there has never been an attempt for a bank letter of guarantee in this?
MR. GILCHRIST: This is a parent company guarantee from an A rated parent.
MEMBER GRAHAM: With no bank guarantee though?
MS GILLESPIE: The bank, the banking facilities that back the guarantee are those of the parent. So this is recourse by guarantee to the parent which has in turn its own banking facilities which provide the cash to the amounts that I gave earlier.
MEMBER GRAHAM: I follow that, but
I guess what I'm saying is, it is not noted on any financial statements anywhere that other creditors or other institutions that may be looking at financing obligations for other acquisitions and so on, it's not flagged anywhere?

MR. GILCHRIST: That's because it's contingent, correct.

MEMBER GRAHAM: One other question I have, Madam Chairman, to CNSC staff:

A figure was arrived at, I guess six months, and it's more or less a case basis of what's being done in other jurisdictions. Because of possible shutdowns or longer than six-month delays with, and I refer to - hopefully it doesn't - but things like feeder pipes and so on that could take a longer than that period of shutdown, and also the fact because - and we've seen through deregulation in other jurisdictions and probably in this country what also will happen - but what's happened to some utilities, especially in the U.S. the very large utilities, that got into financial problems not on their own doing but because of government deregulation or lack thereof? Are we satisfied that six months is a long enough period of time and I guess contingency what-if scenario?
If it went longer, what would happen?

MR. BLYTH: Jim Blyth, Acting Director General.

Yes, we are satisfied with the six-month period in that that would be about the amount of time required to put the plant into a secure shutdown state, say, similar to Bruce A in a worst case situation.

And my colleagues just advised me that at that time, say, access to decommissioning funds could then be made available.

THE CHAIRPERSON: Just to check, Commission Members, were you able to hear the whole presentation by Mr. Blyth?

Okay, that's fine. Thank you.

Dr. Barnes.

MEMBER BARNES: Just two additional follow-up questions on that to British Energy through the VP.

Do you have other similar letters of credit to other agencies similar to the one that we're discussing here?

MR. GILCHRIST: Yes, we do. We have them in respect of each of our AmerGen plants. In fact the letters of financial

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assurance that have been provided are very close to the letters that we provide to the AmerGen plants: Three Mile Island, Oyster Creek and Clinton in respect of the NRC requirements.

MEMBER BARNES: And what's the value of those?

MR. GILCHRIST: I don't have that number in my head.

DR. BARNES: Approximately?

MR. GILCHRIST: Just bear with me a moment, I'll just confer.

$200-million is the best of our recollection and that is for the three plants.

DR. BARNES: In total?

MR. GILCHRIST: Yes, in total.

MR. JEFFREY: Could I just make an observation on one of the comments that was made which was with respect to the potential effect of the electricity market and reduced prices of electricity.

The basis of marketing there differs from Bruce Power's long-term Power Purchase Agreements with vendors. We have these agreements in place and they will become effective when the market opens. If the market does not
open, we have an over-life Power Purchase Agreement with OPGI. The Power Purchase Agreements are for a period, they are a mix of three to five years. Our long-term modelling of the Ontario market is that prices will be strong over the next foreseeable number of years as a consequence of the increase in gas prices, and British Energy is a very financially robust company.

The final comment worth making is that these parent company guarantees from British Energy and from Cameco give the right to the Board of Directors of Bruce Power to call down upon these funds. So it is an obligation of the parent company to make these funds available.

DR. BARNES: Now, you gave us some information on the degree of liquidity I guess in the past year. Could you give us a little bit more information on how that compares with, say, each of the last five years?

MR. GILCHRIST: We would have to revert on that.

MR. JEFFREY: Yes. Could we provide a written note, and can we do that by close of today? Not having the balance sheet of
British Energy plc in front of us as we sit, it would be misleading to try and guess these numbers.

But David has quoted our credit ratings, and financially we are a very solid company and the same applies for Cameco.

DR. BARNES: Yes. I mean, what you're telling us is that you are particularly solvent this year and you are telling us that this is a kind of line of credit, therefore, that is quite adequate given your degree of liquidity. But we have heard you have other outstanding lines of credit, and I suppose this Commission has to be a little bit concerned that if there is an economic downturn, et cetera, et cetera, and that the state of deregulation creates uncertainties, whether the robustness of that liquidity in the longer term is adequate to, in a sense, cover the guarantees we are considering today? And figures on liquidity for the one year don't necessarily mean that the company has been in that situation, let's say, over the last five years, which would be I think a more convincing case to put before us.

MR. JEFFREY: Well, as I said,
we'll provide the numbers. I would state from my recollection that since its creation in 1996 British Energy has always been a financially extremely strong company. But I will provide the information to the Secretary later on, and I believe that will substantiate that statement.

THE CHAIRPERSON: Dr. Carty.

MEMBER CARTY: Well, I have one question for -- can you hear me? Can you hear me now?

Well, I have one question for Bruce Power and another one for OPG and Bruce Power.

You described this morning and also in the documentation what looks to be a commendable program of closer interaction with your own employees at Bruce, with the community and with the general stakeholders including intranet letters and postcards to local residents, advertisements in papers, et cetera.

Could you give us an indication of the feedback you've had on that activity? Has it been positive, negative? You know, on the surface it looks like something that would be a very beneficial and valuable thing to do, but I would...
just like to have some feedback, if possible, on how that's impacted so far.

MR. JEFFREY: If I make an overall comment, it is that the response has been extremely positive and I think the best measure of that are the number of positive interventions which have been filed and are on the agenda today.

If you look at the response, for example, in the local media in yesterday's Kincardine News the headline story was the importance of the Youth Recruitment Program which we announced at the Day One Hearing and is part, again, of today's mission. There also obviously has been a number of negative comments, and I think these again are reflected in the submissions on the agenda today, but overall it has been extremely positive.

MEMBER CARTY: Okay. Thank you.

The next question concerns the feeder pipes, and I think we are all aware of the problems that have arisen at the Point Lepreau station with failure in the elbows of those feeder pipes.

OPG mentioned that they are developing a new feeder-line inspection process.

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I wonder if you could describe what that is, how long it's going to take and what the implications are for Bruce because, as I understand it, Bruce is one of the older stations and it is potentially possible that there could be stress, both chemical stress and material changes in the feeder pipes, which might have implications for the viability of this operation?

MR. GILCHRIST: Perhaps I'll ask Pierre Charlebois to make an initial comment from OPG's perspective, and Duncan may want to comment as well from Bruce Power.

MR. CHARLEBOIS: Thank you, David. My name is Pierre Charlebois, Senior Vice-President Tech Services and Chief Engineer.

As we indicated at the Pickering A Restart Hearing, we had undertaken some work to consider development of technology to examine the possibility of cracking in the feeder pipes. That way was being considered for the Pickering restart.

We have now, as a result of the Point Lepreau experience, obviously accelerated this work and in fact are considering expanding this work to other units at OPG.
At the present time, the technology is available, it's been used at Point Lepreau. We've been working closely with the supplier of the service that was at Lepreau and more recently at Gentilly 2 to do the inspections to, in fact, have that technology available to us within OPG and, in fact, it will be available this month to start deploying on a trial basis.

And we have to appreciate, though, it is a manual technology at the present time, it is not delivered remotely, and would require a significant amount of dose or man-rem exposure to do a complete reactor.

So we are undertaking an inspection program starting with our Darlington 2 unit in May, then going to Pickering 6 and, obviously, Bruce Power will now determine in fact exactly what their plans will be. But our plans would be to make this available to Bruce Power for the Bruce Site.

I might want to add one point. One of the important elements of having the stress cracking is to have residual stresses in the elbows themselves. The elbows at Point Lepreau were in fact fabricated by cold bending of the
feeder carbon steel pipe material and, therefore, that process leaves residual stresses in the cheeks of the elbow.

We have been able to confirm that the Bruce B plant in fact was stress relieved, that those pipes were fabricated with a similar technique, but the stress relief was carried out afterwards which would reduce the stresses, but that's still to be confirmed by actual in-situ inspection.

MEMBER CARTY: As a follow-up to that, are the technologies that you're applying capable of detecting actual fatigue and stress without there being a crack present, because it's the potential for stress that I think is very important here?

MR. CHARLEBOIS: The technology I'm talking about is ultrasonic technology which, in fact, has to have the presence of crack initiation through the wall in order to be able to detect it.

There is no technology that we know of that would actually detect incipient crack formation like actually before there is a material deformation. But you can, by examination of
elbows in labs, determine the residual stresses that are in the material and, therefore, by doing that can determine the susceptibility of the material to stress-corrosion cracking.

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: I was wanting to ask something supplementary to this answer. When you say you can detect residual stresses, can you do that through non-destructive testing?

MR. CHARLEBOIS: Of course not, Dr. Giroux. This is done through destructive testing in a laboratory environment, and you can either do that on specimens that you remove from the reactor or specimens that remain from the actual construction of the reactor that are available in our stores.

MEMBER GIROUX: Thank you. I had a question for staff concerning your presentation or update on the question of positive reactivity and the loss-of-coolant analysis.

You mention in your document that according to the analysis for Bruce there might be a fraction of a second during which you might have criticality.

What I would like you to do is to
answer three questions: One, maybe to explain very briefly what is physically prompt criticality, because it's quite obvious that this is a very sensitive issue. It's at the core of the safety concerns.

You also say that OPG has been imposing restrictive limits to maintain the margins of safety, and I would like to hear what are these limits?

And the third one is that you also indicate that confirmatory experimental work is going on to determine more closely what would be the situation. And the question there is: When do you expect results from this confirmatory work?

MR. BLYTH: I will ask Mr. Wigfull of our Safety Evaluation Division Analysis to respond to your questions.

MR. WIGFULL: Yes, thank you. I am Peter Wigfull, Director of Safety Evaluation Division Analysis.

Prompt Criticality - you can hear now, can you? Sorry about that.

I'm not sure I could describe it in the time which we have available, but basically it's when the number of prompt neutrons, the
population of prompt neutrons is sufficient to
sustain a nuclear fission by itself.

Normally prompt neutrons are
emitted spontaneously and these are then captured
and converted into thermal neutrons in the
moderator, in the fuel. There's nothing really
magic in going into the prompt criticality regime
in terms of the physics, the basic physics
equations, but it is an area where there is
somewhat greater uncertainty than in the known
regions.

But in terms of reactor physics,
this is not a significant issue because power is
increasing during this transient, the shutdown
systems will come in within about 200
milliseconds. Those are the current predictions.
The uncertainty in the physics, all that really
means is that you may get there a bit quicker or a
bit slower.

The uncertainty that we have, the
remaining uncertainty is, well, what is the
consequence of this? What is the consequence on
the fuel? And this is the area where there is
only limited experimental data to show the fuel
behaviour under this very fast rate of rise of
power. We're talking of two to three, power increasing at a rate of two to three times per second. So in this quarter of a second it's going up twice, or whatever.

These experiments are very difficult to carry out. There is a large amount of evidence from a Light Water Reactor community which shows that the results could be well benign. So the confirmatory tests we are looking for are fuel behaviour tests under these rate-of-power increase conditions.

There is some evidence. There is not as much as we would like. We have had in fact the world's leading experts under contract to the CNSC over the last 10 years looking at this and they have concluded generally that the modelling is correct that OPG has used, but they still feel there should be more experimental data. So this is the confirmatory data.

You asked about the time that it would take to conduct. These are very difficult experiments. Perhaps you should ask OPG. Several years, several years.

The other part of the question you asked, Dr. Giroux, related to the limit. The
typical restrictions that went on were limits on isotopic -- the purity of the moderator, the allowable flux tilt. This is the power distortion across the core that is allowed during normal operation that has been reduced.

So Bruce B, the biggest credit that has been taken in the latest analysis is for the fact that the actual shut-off rods into the core are much quicker than we have allowed for in previous analyses. They have taken account of the actual rod insertion times rather than the stylized acceptance criteria that we used in the past.

MEMBER GIROUX: Thank you.
THE CHAIRPERSON: The second round of questioning. Ms MacLachan?
MEMBER MacLACHLAN: This is another question again directed at British Energy.

In a number of the Interventions reference has been made to a special safety audit by the United Kingdom's Nuclear Inspectorate, the NII, and this information has come forward from the Intervenors.

There is very little detail, but the allegation is that British Energy was harshly
criticized for cutbacks to staff and funding in relation to stations operated in the U.K. And I'm wondering if British Energy can comment on the existence of this report, the circumstances surrounding this report and the findings in the report?

MR. JEFFREY: There is full information available on the NRI report on the web site. It was an audit which the NII initiated about two years ago. The audit was not directed towards the operating stations at all. It was an audit of the central engineering and related resources.

The NII's Chief Inspector made a statement at the time when this report was made public that there was no immediate challenge to safety of the operating stations.

The background to the audit is that 14 of the 15 nuclear reactors which we operate in the U.K. are advanced-gas cold reactors. They are unique to British Energy. No one else in the world owns or operates advance-gas cooled reactors. In the U.K. there has been no ordering of any further advance-gas cooled reactors for about the past 20 years.
And the NII's concern was initiated by the fact that the design and manufacturing results for AGRs in the U.K. was falling off, that some of the contractors who had been responsible for designing these plants, there had been change of ownership, they were ceasing to trade, and there was a potentiality for withdrawal of services.

British Energy had set up partnering relationships with these contractors who had been the Design Authority, and we believe that this was an appropriate way of getting some of our engineering, central engineering work carried out. The NII had concerns about this.

In their audit report which came out about 18 months or so ago, they identified a number of good practices within British Energy, the professionalism of the staff, their technical competence and what they had found, our total commitment to safety. But nonetheless they were concerned that our use of contractors was increasing and they believed that that wasn't a satisfactory way of continuing.

We have accepted the NII's view. We have submitted to the NII a detailed report.
addressing all the hundred or so of their findings. We have addressed all of their concerns.

We have reduced our use of outside contracts, engineering staff. We have taken steps to augment our own central engineering staff, and we have put in place what we believe are improved methods of planning the future, what role these teams have to carry out, and in total British Energy has expended about fifty man-years of effort in addressing the NII audit.

Our report to the NII is currently under consideration by Her Majesty's Inspectorate, and I can assure this Commission that any of the experiences we've had from the NII audit will be fed into the approach that will be used by Bruce Power going forwards.

MEMBER MacLACHLAN: Thank you very much. I got the impression that your report was being considered by NII at the current time?

MR. JEFFREY: That's correct.

MEMBER MacLACHLAN: Has it been released to the public?

MR. JEFFREY: No, it has not. It will be, I would imagine, in about four weeks'
time.

The NII have got the report and they are analyzing it, and there will be discussions between the NII and British Energy, and at that time the report will be made available and it will be made available to the CNSC staff as soon as it is released by the NII for review.

MEMBER MacLACHLAN: Madam Chair, if I may direct a question to staff about the degree to which the NII report was analyzed, accessed and dialogue occurred with the company in relation to their response to the issues highlighted in the NII report?

MR. BLYTH: Jim Blyth. I would like to note that we identified the NII report and the issues, potential issues it had for us in our CMD, so we were not unaware of its existence nor of its potential implications on what might happen at the Bruce Site. And I'll ask Mr. Elder to provide more detail.

MR. ELDER: As part of our review of Bruce Power's application, we did talk to the regulators in the U.K. and in the U.S. who had experience dealing with British Energy and looked at audit reports, not only this one but other
reports they had done on the operation of the
sites and any other information we could find
available.

What we found that was the most,
we thought was most relevant to the application by
Bruce Power was their management of change process
and the criticisms of that management change
process in the NII audit, because Bruce Power had
said they were going to put in place a formal
management change process at Bruce.

So we confirmed with them that the
process they were putting in place in Bruce was an
improved process that had taken account of the
corrective actions to respond to the NII audit.
So what they're planning to put in place at Bruce
takes into account the corrective actions that the
NII had noted.

MR. BLYTH: I would like to add
one comment, maybe two more things. We also have
seven Project Officers at site full-time who are
our eyes and ears and are monitoring these sorts
of things on a day-to-day basis. We have also
planned for later in the year, June I believe, an
organizational and management assessment at the
Bruce Site which will look into these sort of
things as well.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: Thank you. I don't want to belabour the financial, but I just had one more question of clarification.

The $900-million that you had mentioned or thereabouts -- I'm not sure of the exact figure -- is that an accumulated figure or is that a one-year figure?

MR. GILCHRIST: The $983-million that I referred to is the financial capacity of the business to meet calls as required through the financial guarantees within any year. So within a six-month period for which this is designed, then it would have access to that amount of cash.

MEMBER GRAHAM: We talked about, or we know what the amount is for Canada. We talked about $200-million U.S. which is another $300-million, equal to $300-million Canadian.

Are there any other guarantees in the U.K. with regard to your 15 reactors there?

MR. GILCHRIST: There are no guarantees with respect to the 15 reactors in the U.K. There is one guarantee in respect of a power station, a coal-fired power station called ECRA,
but I have deducted that amount from the figures before arriving at the $983-million.

MEMBER GRAHAM: And was it noted on - it was one of the noted ones; was it on the financial statements?

MR. GILCHRIST: It was not a -- again, it's a contingency requirement.

MEMBER GRAHAM: Okay, thank you.

The other question I had and I would asked it at the Day One Hearing and I don't think I got a full explanation and I would like to try it again. It is with regard to the 15 units you have in the U.K.

You have, I guess, somewhere in the vicinity of some 5,200 employees producing about 9,600 megawatts, so as a rule of thumb it's almost two megawatts to an employee or thereabouts or something to that effect?

MR. GILCHRIST: Yes.

MEMBER GRAHAM: And I know that is very simple and perhaps not the correct way of saying it.

MR. GILCHRIST: Okay.

MEMBER GRAHAM: But here at Bruce it's about one-to-one. And what I guess I'm
asking is: What is your projected figures as far as staffing three years, four years down the road, not right now, but at Bruce? What would your projected staffing be at the Bruce B facility, strictly at Bruce B, and then we can ask on Bruce A also?

MR. JEFFREY: Okay. Could I go back over the arithmetic --

MEMBER GRAHAM: Yes.

MR. JEFFREY: -- because you are quite right, there are about nine-and-a-half megawatts in the U.K. and there are 5,000 employees, so that's two-to-one.

At Bruce I think the fairer calculation, because quite a substantial number of the people on the site are actually engaged on Bruce A activities. Although it's shut down and not producing electricity it still requires a lot of care and attention.

So if you add up the whole of the Bruce Site you get something that is about 6,200 with a staffing of 3,000. So you again have got roughly a two-to-one ratio.

So that although it's not operating, it does require manning and the proper
maintenance against the safety case.

MEMBER GRAHAM: You're saying that if and when Bruce A is operational, you will still only need 3,200 staffing for the two units, both Bruce A and Bruce B?

MR. JEFFERY: Yes, because there wasn't a rundown of staffing when Bruce A was closed and, indeed, at that point of time the Heavy Water Plant on the site was also operating.

And you know, this is one of the factors that feeds into a comment I think we probably made on Day One, that the measurements of productivity on the site are about 15 per cent, 15 per cent productivity.

And so for the reasons that Duncan outlined, with better work planning and organization and improved training, there are more than enough people on the site to deal with the restart of Bruce A.

MEMBER GRAHAM: In your financials that you did - this would be my final question, Madam Chair - in the financials that you did, how long did you consider your financials of supporting 3,200 employees or staffing for the generation of only operating B? What was your
projection as to when you had to have A up and
going?

MR. JEFFREY: I think what would
be helpful there for us would be to give an
explanation of what that sum is there for.
Duncan.

MR. HAWTHORNE: In terms of the
financial guarantees?

MR. JEFFREY: Yes.

MR. HAWTHORNE: A couple of issues
maybe to make the Commission aware of. As we
evaluated the call for support from the parent
company, having been in the U.S. for the last
three years as the Chief Operating officer for BE
Inc., I understand much of this dialogue on
parental guarantees.

AmerGen started on the basis of
acquiring a single unit facility with no other
source of income, and the recognition was that a
single unit going down would mean that there was
absolutely no income because there weren't any
diverse plants or technologies around.

As we added more plants to our
designs, we ended up with pressurized water
reactors which we have in TMI, boiling water
reactors which we have in Clinton. So you have a

diversity of design: AGLs in the U.K., PWRs in
areas, BWRs and now CANDUs potentially. So you
have diverse technology.

We also have diverse market
places; i.e., trading in the U.K. pool, trading in
the PGM market which is where TMI and Oyster Creek
are, and trading in the Illinois market where
Clinton is, and potentially trading in Ontario
where the CANDU plants are.

So in terms of evaluating the
overall business case for Bruce B, we valued the
transaction on the basis of no A Station restart
and what that would look like as a business case
because, clearly, we had not conducted the
evaluation of the restart potential of the Bruce A
at the time we struck the transaction with OPG
ourselves. So we had to value the overall
transaction on the basis of perhaps not finding a
feasible restart scenario for Bruce A.

In that event, the calculation for
financial guarantees assumed that we lost, for
some reason - whilst historically that has never
occurred - we lost all four units from Bruce B
with the full complement of staff and all of the
O&M costs, and that's how we calculated this. Whilst we recognized that that scenario had never really been in place, the only time historically the plants have ever been down in totality has been for a period of nine days as opposed to six months. So, you know, there's pretty conservative assumptions in there.

As we look forward, we certainly had a view that were it possible to restart Bruce A, that clearly there is a yardstick we can use, if you like, which is the program that OPG contemplates for Pickering, and we can sort of play that into a scenario in terms of overall staffing requirements.

But, as Robin said, there's a recognition that if you look at overall allocation of staff on the site, you could probably identify about 1,600 people who are clearly dedicated to Bruce A that you would sort of bring, for instance, being the operational staff against 3,200 megawatts which gives you your two-for-one relationship which is, you know, a pretty, as you say a pretty good yardstick in terms of where we are.

So the issue for us has been, as
we've been looking at the potential to restart Bruce A, it's been against this overall site capability review. It's been recognizing the critical skills if you were contemplating restart. Truly not a numerical argument as such; it's more an issue about recognizing that many of the staff who would be required to take a role in the A Station restart are actually currently allocated to positioning in Bruce B. And what we had to do is satisfy ourselves that those staff could be relocated with minimal impact, and that's really where our discussions have been.

So in terms of financial guarantees there's lots of diversity, and what we are doing here that differentiates the U.S. situation, as we looked at the business plan we assumed that probably two to three years for restart of anything on Bruce A. And we assumed at the time of striking the deal that the O&M costs would remain the same. And so the parental guarantees were in that worst case scenario in terms of the overall operating and maintenance costs.

MEMBER GRAHAM: And in that you also are including the $140-million that you have
for safety-related issues and so on?

MR. HAWTHORNE: Yes, yes.

MEMBER GRAHAM: One other question, Madam Chairman, to CNSC staff. You concur with the figures of 1,600 related to Bruce A?

MR. BLYTH: I would ask the Head of our Site Office to address that.

MR. NIXON: Yes. We have looked at this very closely, and in the next few months we're going to bring in a team from our head office, bolstered by consultants, who will look at the organization and management of the station and, hopefully, from that we'll get a very precise idea of exactly how many people are required for Bruce B in future.

MR. HAWTHORNE: Madam President, if I could just interrupt, I believe I may have misquoted and said "Bruce A" when I intended to say "Bruce B," and I apologize if I gave the wrong impression there.

THE CHAIRPERSON: We understood that.

MR. HAWTHORNE: I was just pointing out that I may have misspoke when I said
"Bruce A" rather than "Bruce B." I apologize.

THE CHAIRPERSON: At this time I would like to take a break, and it is now 11:10. It will be a 15-minute break and we'll be back at 11:25.

I would ask all the applicants, the CNSC staff and the OPG to return to the places because we haven't finished the questioning. So if you could return at 11:25. Thank you.

--- Recess taken at 11:10 a.m.

--- On resuming at 11:25 a.m.

THE CHAIRPERSON: Take your seats. We are ready to resume.

We are now going to continue the questioning from the Commission Members, and I will ask Dr. Barnes to ask questions, please.

MEMBER BARNES: I just had two or three, I think, shorter questions and somewhat residual from earlier comments. I would like to address one to Pierre Charelebois just really for information and not directly related perhaps to today's presentation.

You drew some comparison on the bending of the feeder pipe and you gave us some information on Point Lepreau, the different style
where they were initially produced verus those at Bruce. How does Bruce compare to Pickering?

MR. CHARLEBOIS: Pierre Charlebois, Senior Vice-President, Chief Nuclear Engineer.

We're still researching a lot of the information, Dr. Barnes, but I can tell you what we know at the present time.

The Pickering A and Bruce A elbows were actually, we believed, forged elbows and therefore were welded into place in straight pieces of pipes which makes obviously the construction and the possibility of residual stresses much different and much lower in probability.

So Pickering A and Bruce A were manufactured using elbows that were produced separately and then welded in.

For Bruce B, Pickering B and Darlington, the method of fabrication was similar to Lepreau NG-2 which is bending of pipe, but there were stress relieving that took place like at Bruce B, and at Darlington the pipe was actually bent under hot conditions which would add stress relieving as well.
We are still right now gathering the information with respect to Pickering B and we will have that information shortly.

MEMBER BARNES: Thank you. The second point really probably to OPG: In reply to a comment from Bruce Power, it was my recollection that at least I think Bruce Power gave us the implication that the amount of staffing here at Bruce has more or less stayed the same, but weren't there a number of people transferred from Bruce effectively to other OPG stations?

MR. CHARLEBOIS: I think Mr. Gene Preston will address that question.

MR. PRESTON: Yes, Gene Preston, Executive VP, Chief Nuclear Officer.

Yes, Dr. Barnes, we did transfer 600 people from the Bruce Site to other OPG facilities. I will add, however, that we had a heavy water facility that was staffed with some 900 people and that they were not supporting either of the Generating Stations.

So, consequently, the numbers that Duncan Hawthorne referred to were the total site populations that would show that we had some 500 folks above our needs even today.
MEMBER BARNES: And a final question to Bruce Power, British Energy in a sense. The Commission and earlier the Board has seen at least OPG wrestle with issues of productivity and management of change and at one point bringing in a number of Senior Vice-Presidents and senior staff from the United States with experience in different systems to try, in a sense to change the system in the Ontario plants. And you've raised the issue of trying to improve productivity here at Bruce, and the issue in general has come up about the management of change.

Perhaps you could be a little bit more specific, given the fact that we are today going into a period of deregulation where there will be certainly pressure on you and your shareholders to make that very effective in a fairly short period of time.

I think it's pleasing to see the cooperation at least initially of the unions in the documents that we received today, but to be really effective, could you convince us of the methods and the timeframe in which you can really effect this management of change in a really
effective way?

MR. JEFFREY: I'll kick off and then Duncan will follow.

Your comment about bringing in people from outside. I think one of the strengths of the Bruce Power approach is we have brought in about 20 or so people from British Energy and principally, obviously, Duncan is the new CEO who had extensive experience of the management of change in the U.K. plants, experienced that on the U.S. plants which we acquired through our joint venture, and he has supporting him a number of people from British Energy who similarly have had that sort of experience.

Our approach though has been a blend of experienced OPGI people such as Robert Nixon who know the plant very well and provide stability, bringing in a number of Canadians. For example, I have made reference to Ken Talbot after three or four years international experience coming back to a plant that he knows well. Also the introduction of some private sector Canadian experience, for example our VP in Human Relations was recruited from Suncor and has had experience with the private sector in Fort McMurray. So it's
a blend of expertise from a number of directions.

With respect to the manning levels, that Bruce Power is a partnership; there are two principal unions who will be equity participants in Bruce Power. The Memorandum of Understanding you have seen, and that forms, we believe, the starting point for a new era in industrial relations in the electricity generation sector.

We have given very strong commitments with respect to Bruce Power inheriting the collective agreement. We have given strong commitments that there will be no compulsory lay-offs. That has never been in our vocabulary, that if the overall manning level reduces it will reduce through voluntary and through natural attrition. So these are some of the values which we bring.

In terms of further details on approach and manning, Duncan, if I hand over to you.

MR. HAWTHORNE: If I can just start by saying this plant represents the 16th due diligence I have personally done since I have come to North America. I have visited a lot of
facilities here and there are some common things
that run through these.

One thing that we noted very
clearly in the Bruce facility is there is an
improving trend. There has been a record of
improvement. Gene Preston and his team with
Robert have delivered improvements at the Bruce
Site. And if you look at the new assessment of
the Bruce plants in terms of where they were
against the composite manual performance index and
looked where they are today, you would see very
marked and measurable and sustainable improvement
there. That's an important thing to note when you
do due diligence, note where the performance is
and is there an improving trend or a deteriorating
trend.

The common things that run through
most of the plants I have visited are the
engagement of the work force, their involvement
and the change process as a vehicle to actually
expedite changes. The Memorandums of
Understanding that we crafted here are very
similar to documents that we executed in all of
our U.S. acquisitions, the language is very
similar, and the behaviours of it seek to create a
partnership approach, initially trying to engage the Union leadership because they themselves are the people who quite naturally the employees would turn to for conference about this new Owner in a period of change.

We have had some very good dialogue with the Union Officers. We have begun an improvement process that engages them in our decision-making and helps them to be able to tell the story throughout the site.

So, if you ask me, I said earlier there is no magic wand, there is no single approach here. But you have in general, top performing plants do so because they engage the work force, they involve them in decision-making, and in the case of a company such as ourselves we have a large nuclear base, we can identify best practices and processes and bring those to the site and in that way shorten the learning curve. That is basically the formula we have been successful in delivering in our U.K. plant performance and we've delivered to the AmerGen plants.

MEMBER BARNES: Just a couple of comments in reply.
I think we've seen the changes that Gene Preston and others have brought to OPG. What still begs the question really is the extent to which you can keep that trend going, all right? And I think other members of the Commission have asked questions really about the number of staff you would need, let's say, to run Bruce - putting A aside for the time being - and I think you're in a position to talk about compulsory lay-offs because, as you indicated right at the beginning, the natural attrition, I think you get the figure being reduced by 50 per cent anyway over a fairly short period of time just because of the demography and the age of the work force and so on.

So it's not clear to me how many people you would necessarily need to run Bruce B and get increased productivity.

But what I haven't heard is, in a sense, the mechanisms by which you would increase productivity. Is this sort of an organizational one? Is it trying to get more work per individual? Is it trying to get teams to work better? Because I think we've seen OPG try to implement a number of these things.
So, I'm not quite clear yet how British Energy is going to make a significant extension of the improvements that you have already observed or have already been done by OPG such that your productivity will increase along the lines that you replied to my colleague here earlier.

MR. JEFFREY: Sure. If I can give an example - and I'm sorry, I have been about 30,000 feet up and maybe want to get a bit lower down.

If you look at the heart and soul of a nuclear facility it's in the work management process, it's in the ability to effectively deliver people to the work site with the appropriate training, instructions, briefing and equipment to be successful at the work site. In order to understand what that looks like, when we conducted the due diligence we brought seven people from a variety of plants, all of whom had work management experience, and we asked them to critique the performance of the work management system.

Since we have been on the site with help and support from Robert here as the Site
VP, an improvement process was put in place where Robert allocated some people with Gene's support to conduct a review of the work management process on the site. That team was drawn from staff at all levels. Sixteen people participated in that review and they identified some very clear opportunities to improve the process.

They found things which I think were new discoveries, at least if not new, the magnitude of their impact on the productivity of the site were better understood because of the process. That team made five key recommendations to make improvements. Whilst in the OPG licensing arena they presented to the executive team of OPG, Gene himself had seen that report as being favourable to the point where he asked the same team to present to Pickering and Darlington and ensure that the lessons learned from that could be delivered then to OPG.

The recommendations are already being implemented by OPG, and the intention then was some of the things that we ourselves have talked about. It's about creating better management of the work flow, allowing the staff to be properly supported such that they can be
successful in the field.

Let me give you a big picture number because it helps to give you some detail. What the team identified was that in terms of allocating man-hours to the initiation of a defect without having actually delivered anything in the field, it cost $574 of time. And of that activity, the team found that 60 per cent of those tasks that had gone through that cycle did not get successfully executed in the field.

So there was a tremendous amount of activity feeding an engine that did not in actual fact result in work being completed successfully in the field.

Some of the improvements that Robert and Gene have implemented have actually sought to provide a much more improved hit rate on those activities. The simple outcome of that is that we're actually able to expedite more work in the field. And if you were to look now at the Bruce Sites over the last seven months, at the performance indicator, looking at maintenance backlog which clearly the site inspection could do, you would see some significant improvement in the maintenance backlog as a result of those five
recommendations being implemented.

So improvements can be made in a timely fashion, and the process for doing it is, if you like, a benchmark which is to bring a group of people who are living every day within your process, identify the improvements that they can own, and then act in a timely fashion to implement those. From that success, you know, you can deliver more and more improvements.

That's the basic ethos that we have here.

MEMBER BARNES: Just a final one, because we talked about productivity, we talked about staffing. But I think one of our concerns as a Commission clearly is the aspect of safety, and I think some of the questions have been trying to explore things that would feed back on issues of safety.

So, could you make a final comment along these lines of productivity and staffing and so on and maybe a comment as to how you find the issues of safety at the plant at the present time and the changes to hopefully improve safety issues?

MR. HAWTHORNE: As we mentioned in
our presentation, we have experience in all of our plants in the U.K. on the International Safety Rating System. We have explained to the Commission previously that it is our intention to see this as a benchmark to provide a more comprehensive Safety Management System.

Again, working with OPG, there's been an early start to that activity because it did deliver safety improvements. Effectively the ISRS system is very prescriptive in terms of management of safety, but the process for implementing the safety improvements is very engaging of staff. It's a teamwork in process. There's 20 managing elements.

What the sites have done currently is they have chosen to implement eight of those management elements right now and are working actively to deliver improvements. ISRS is driven as a structure to create improvement in the field as its first activity. Some of the key elements right now that the station are implementing are to improve workplace inspection, organizational rules, personal protective equipment, communications briefings. All of those things are actually trying to reach out to a large audience
on the site.

At this point in time the site has around a hundred people actively involved in these safety initiatives. Clearly, if we were to implement all twenty elements, then that could be as much as 300 staff directly involved on a regular basis and delivering that integrated Safety Management Process.

Currently our view is that the Safety Management System doesn't have an all-embracing methodology.

THE CHAIRPERSON: Dr. Carty.

MEMBER CARTY: Yes. Thank you very much, Madam Chairman.

I would like to focus on the agreement between OPG and Bruce Power, and it's my understanding that the two organizations have signed a term sheet which delineates the nature of the technical expertise and the services which have been provided largely from OPG to Bruce Power, but also to a lesser extent in the other direction. In my experience term sheets do not always translate into fully signed up documents.

So the question is: What is the closing date for that fully signed-up agreement?
Is it dependent on the availability of a licence? And I will follow that with a question about the marketplace and the environment.

MR. GILCHRIST: Just to be clear, Dr. Carty, the term sheets that were in place in July have now been turned into full-fledged agreements. The principles are the same but additional details have been fleshed out. So we are in a position to sign those agreements, and the idea would be to sign them so they would be effective on financial closing.

But the term sheets have been converted into sort of full-level service agreements and we're in a position to sign those on financial close.

MR. JEFFREY: And with respect to the time-line that you asked, David and I have a program of sitting down at the beginning of next week with a target that all of these legally required documents will be signed and they will be placed in escrow, and the condition for them becoming valid and live is the issue of the CNSC licence. So that all of the legal and
financial work is being programmed very tightly against a time-line of the end of next week.

MEMBER CARTY: Okay. Thank you on that thought.

Now, what you mentioned in the documentation is the fact that the organizations will be operating in a competitive marketplace. Does that mean that each organization will have the option of, I suppose, abandoning the agreement if in fact the other cannot deliver the services and the technical expertise on the competitive commercial basis that you expect to be operating in?

MR. JEFFREY: Well, the competitive market still is to open in Ontario, and there is some uncertainty as to when that is going to take place.

As I said earlier, if the competitive market does not open there is a legally binding Power Purchase Agreement between Bruce Power and OPGI from which the output from the plant is sold over the life of the plant to OPGI.

On the basis that the competitive market does open within the next year or so, the
output will be sold to other customers. It will be sold by Bruce Power wholesale to people who then sell on to industrial or private customers. And again, these contracts are in place so there is competition in the marketplace.

I think there's a very important issue in terms of the engineering science which lies behind a lot of the safety case development and the understanding of engineering techniques. There will be, for example, through the CANDU Owners Club, an ongoing pooling of that knowledge and expertise in terms of the underlying science behind the CANDUs. If one of the particular services was not provided, that would not provide grounds for cancellation of the lease. I mean, that is just something that we would sort out.

In terms of arrangements associated with term sheets, this is not something that is novel to this transaction. Both in 1990 when in the U.K., there was the initial restructuring of the electricity industry, and again in 1996 when British Energy was created and there was another restructuring, there were a large number of shared services including engineering and laundry services, and arrangements
very similar to the service level agreements that were set up between Magnox, one of the U.K. private sector nuclear companies and British Energy plc.

And I think noting that Duncan and I negotiated on behalf of British Energy something like 50 or 40 term sheets which bear a lot of resemblance to some of the term sheets we are discussing today, and these term sheets have stood the test of time in the relationship between these two U.K. companies.

THE CHAIRPERSON: I have some questions myself. We had in the presentation by Bruce Power some discussion of the safety culture and the definition that is used by Bruce Power.

I would like to ask the Commission staff for their assessment of the material that was provided by Bruce Power in terms of the content of a safety culture and your evaluation of that definition?

MR. BLYTH: I'll ask Mr. Waddington from the Directorate of Environmental Human Performance Assessment to address that.

MR. WADDINGTON: Thank you, Madam Chairman.
First of all, the CNSC staff have put quite considerable effort over the last few years into monitoring the safety culture at nuclear stations in Canada. There are actually many facets to this topic that we look at.

First of all, of course, is that the corporate management of an organization must have a continual highly visible support for a high level of safety. This has to translate into real things like conservative decision-making in the plant within the organization and a questioning attitude throughout the organization.

There are a number of management attributes that can be observed in an organization that must function well to achieve a high level of safety culture and result in a highly reliable organization. These attributes that we look for are based on quite a considerable research base now, but there are also attributes that you and anybody else would expect.

Are there good communications, for example, between the executive and the shop foreman and between one department and another? Are procedures clear? Are they written by the people who use them? Have they been formally
approved? Are they up-to-date? Do people know what is expected of them? Are relations and responsibilities clear?

There are 19 attributes that we looked for, based on the research work that we've done that we look for in an organization to assure high reliability. We look for these things in several different ways. First of all, our Site Project Officers review the safety culture on a daily basis. They are observing whether the licensees are making conservative decisions, whether the attitude of the staff is putting safety first, and that is done by our site officers on a day-to-day basis. They meet with the site manager every month, and that provides us an immediate assessment of what is happening on the site.

Secondly, we carry out audits, both quality assurance, quality management, radiation protection, to assess the formal processes that exist within the site.

Thirdly, we carry out a fairly new type of audit, an organization and management audit, which has been referred to previously by Mr. Blyth, which looks quite explicitly at those
19 or a subset of those 19 attributes, things like communication, work management as has been mentioned by Duncan earlier.

We plan to carry out a formal organizational management audit of Bruce Power, assuming that they get their licence in June of this year, which will give us a direct measure. We can also see the information that we receive today which is obviously the intent of Bruce Power. If we look at the statements that Bruce Power have been making to this Commission specifically on their vision, on the clarity of the statements that they make, those are the sorts of statements that we would expect to be made by an organization of high reliability.

In terms of the main part of the organization, we've heard that the staff of OPG which is currently on the site will be transferring to Bruce Power. We have not done an organizational management audit of Bruce in the past. We have done organizational management audits of Pickering and Darlington which start from the strategic apex all the way to the shop floor.

In those stations which we can
reasonably assume, given that the senior
management of OPG was giving the same message to
Bruce as it was to its previous station, that some
of those findings would be consistent. The
findings of our previous audits of Pickering and
Darlington showed that there was basically a good
safety culture in the people involved. There were
plenty of difficulties which have been in front of
this Board or this Commission on occasions. There
are problems in work management that have been
previously referred to, some difficulties in
quality assurance that have been raised
previously.

We believe that the proposals that
Bruce Power have made to us are appropriate. Time
will of course tell whether the proposals in fact
will translate into the sorts of levels of safety
culture that we anticipate are necessary to
produce an organization of high reliability.

But our overall conclusion at the
moment is that the statements that have been made
by Bruce Power are appropriate. We will use our
O&M audit slated for June as a baseline for
continuing monitoring of how the improvements that
Bruce Power are expecting will carry out or will
come to pass. Our staff at the site, our Project Managers, Project Officers, will be continuing to review on a daily basis what actually occurs in the field.

I trust that gives you a feel for where the staff are coming from, Madam Chair.

THE CHAIRPERSON: Thank you. My second question is with specific regard to the written submission H6.36. My question would be to OPG and then to staff.

When I look at the attachment 1 which is the summary table of that report, OPG if you could correct me if my math is wrong here because I did what is call a "summary of the summary" for my own edification.

I see 37 lines, and I see 20 of those were not assessed by the Commission, and I would ask the Commission the specifics of that.

I see two unacceptable areas becoming conditionally acceptable. I see 13 remaining the same which was conditionally acceptable. I see one acceptable becoming conditionally, and I see, I think it's one that I said remained the same. I'm trying to read my notes here.
But I guess those are my "summaries of the summaries." I guess my first question to OPG is: Is that more or less correct? And, secondly, do you have any comments on that because that's in essence the status report?

MR. GILCHRIST: Yes, Madam Chair. That is an accurate summarization. If you would like more information about the details, I would ask that Robert Nixon, the Site VP, provide a more detailed answer.

THE CHAIRPERSON: Well, perhaps what I will do is just ask the staff and then I'll come back to Mr. Nixon if I can.

For the staff, for the 20 areas which were not assessed of the 37, without going into details of each of those 20, why would those areas not be assessed?

MR. BLYTH: In the staff's assessment, we focused on the areas that we felt were most significant with respect to Bruce B or those requiring short-term action. A number of these are longer term issues such as generic action items and the like which will only be resolved over the longer period.

THE CHAIRPERSON: But in essence,
there is very little change I guess in the
assessment; am I correct?

MR. BLYTH: That's correct. And
one of the reasons for that is many of the
conditionally acceptable items are items where
there are improvement programs and the requirement
for the rating to become acceptable is the
completion of the program.

Bruce Power is committed to
continue those programs, but as the Commission is
well aware, many of those activities are scheduled

THE CHAIRPERSON: So is it fair to
ask the Commission staff then: Are you satisfied
with the progress that has been made on those
items that you assessed?

MR. BLYTH: Yes, it is fair, and
yes, we are satisfied.

THE CHAIRPERSON: Okay. So then
if I could come back then to OPG with regards to
the assessment made by the staff on those items,
is there anything that you would like to add to
those comments?

MR. PRESTON: Let me answer a
point of clarification before we turn it over to
you, Robert.

What we were trying to establish on the table, Madam Chair, is that the CMD had not addressed a particular category, but if you look at the right-hand column we do show our status, and there are several of them that were "conditional" at the time that have now been upgraded to "acceptable" by the CNSC staff.

So if you look at the, for instance, Section 4.135, it shows that that is now complete. 4.22 shows that it's acceptable; 4.23 shows that it's acceptable.

So you have to look at the far right to get the total change since the last time it was rated as "conditionally acceptable."

THE CHAIRPERSON: Is there anything further to add, Mr. Nixon?

MR. NIXON: No. I guess that's what I was going to say. Four more of the areas have progressed to either acceptable or been closed by the CNSC. We have several others where we have submitted all the required documentation. CNSC staff are currently reviewing that.

THE CHAIRPERSON: Right.

MR. NIXON: The rest, in general
terms I'm satisfied that we are making progress on all of these areas, and certainly we report on a regular basis to the site CNSC staff on these.

THE CHAIRPERSON: Thank you very much.

My last question is with regards to, I suppose, what I would call almost the Plan C. You've noted that the Commission Members have asked a number of questions about financial guarantees. And just perhaps to provide some framework for this, although the Commission's interest is health and safety, we are very interested in the abilities of the organizations to be able to operate the facilities safely, but also in a number of contingencies and possibilities, as remote as they may be, or as possible as they may be, that there is sufficient financial backing to ensure that the plant is handled in a healthful and safe manner, and that's what we are doing, rather than getting into the financial areas and any other context.

In that regard, I guess one of the questions I would have is: We have some financial undertakings by British Energy, by Cameco as well in this regard. My question I suppose is: Is
there another level of security offered through OPG through the leasing for all those other first areas that didn't work in providing the financial security necessary? What is OPG's position in this with regards to the lease arrangements and other areas?

MR. PRESTON: Well, OPG's position is that we clearly recognize we have the responsibility with respect to the decommissioning side of it.

With respect to the operating aspects of it, that's for Bruce Power and its shareholders to sort out. In the event that there was some difficulty, it's possible that we might reinherit the facilities, but this is intended to be a transaction where Bruce Power will satisfy the CNSC that they can meet the ongoing operating aspects of it.

We obviously have an interest in making sure that that's successful, and the lease provides for a variety of ways in which we will continue to monitor the facility, but our financial position stops with the decommissioning fund.

THE CHAIRPERSON: Thank you. I
would just ask the Commission Members if there are
further questions before we end this part of the
hearing?

Ms MacLachan?

MEMBER MacLACHLAN: This is a
question to staff:

In the materials as I have
reviewed them this is an application for a licence
for Bruce Power, but it's also our understanding
that OPG is responsible for decommissioning.

What will the status be going
forward? In the event the Commission approves the
application by Bruce Power, what will the status
of the OPG licences be such that they retain
responsibility for decommissioning, going forward
into the future for the next 10, 20, 30 years,
however long their lease arrangement might last?

MR. BLYTH: I'll ask Mr. Elder to
address that question.

MR. ELDER: Under our Act, it is
the licensee who is responsible for providing a
financial guarantee for decommissioning. What we
will expect to happen in this case is that Bruce
Power will provide a financial guarantee through
Ontario Power Generation so that the actual
guarantee mechanism will be from Ontario Power Generation but it will be incorporated into Bruce Power's licence. The condition of maintaining that licence, that guarantee must be maintained in place.

I'll give you an update right now where we are on those financial guarantees. Ontario Power Generation has submitted detailed preliminary decommissioning plans. These have been reviewed and we are in the process of giving our comments back to Ontario Power Generation on that.

Once those have been dispositioned, we'll be in a position to talk about the actual amounts of the financial guarantee and the mechanism of the financial guarantee.

Once we are satisfied that, from our point of view, that there is a proper financial guarantee we will be coming to the Commission to amend the licence to include that guarantee into OPG's current licence and into Bruce Power's licence. So that Bruce Power's responsibility will be to make sure that that financial guarantee remains in place.
THE CHAIRPERSON: Any other questions at this time?

I think it might be best to take a break at this time before we go on to the intervenors' presentations. I would like to thank the Applicants and the staff at this time.

I would propose that those people not leave the hearing, that they stay, because my proposal would be at the end of the hearing that we may have another sort of overview or round of questions as well, so we would like you to stay.

The intervenor area will become for other intervenors as well, but the other two areas will remain the same. So, just to make that clear.

We are cognizant that the people in this room have to go into town for lunch so that my normal very stringent one-hour break will be extended for an hour and a half for lunch in order that people will do that.

However, I would ask you to respect the fact that I do intend to start promptly. So I have now that it is 12:10 p.m., and so that we will be starting at 1:40 p.m.

Sorry?
My addition was being questioned here. Which means that we will be back here in this room. If people are not back in the room, I intend to start because I really do intend to have this Hearing today completed. I realize that there's going to be some stress, but please do your best to get back here on time.

Thank you very much.

--- Luncheon recess taken at 12:10 p.m.
--- On resuming at 1:40 p.m.

THE CHAIRPERSON: Ladies and gentlemen, if I could ask you to please take your seats.

Just a reminder of the program for this afternoon. We will be having oral presentations by the Intervenors. Each presentation will be followed by a question period from the Commission.

Subsequent to that we will have consideration of the written submissions and questions or comments from the Commission Members, and we will be having a further overview kind of questioning at the end of the day.

I would just like to make some opening remarks with regards to the oral
presentations.

We do have a guideline of 10 minutes per oral intervention. We do have a large number today, so I would ask for the cooperation of those people making the oral submissions in keeping to that guideline.

If necessary, I will be reminding you that you're near the end of the time or you have exceeded your time, and I would like to respect the oral Intervenors, but at the same time it's my responsibility to keep the time management as well in there. So I thank you for your consideration in that regard.

Without further ado then, I would like to turn to our first oral presentation. It's the oral presentation by the Municipality of Kincardine as outlined in CMD Document 01-H6.3 and I believe the Mayor is with us today.

01-H6.3

Oral Presentation by the Municipality of Kincardine

MAYOR L. KRAEMER: Is that loud enough?

Good afternoon, ladies and
gentlemen.

Bonjour, messieurs et mesdames.

I wish to introduce myself. I am Larry Kraemer, the Mayor of the Nuclear Host Community of Kincardine. The entire community is pleased that the Canadian Nuclear Safety Commission has chosen Kincardine as its location for Bruce Power Day Two Hearings. This will allow the Commission to truly understand why in fact Kincardine and area is truly a Nuclear Community.

Our community support is based on five key platforms: Education, dialogue, safety, integrity and community involvement. In order for me to explain these five key areas, I wish to note both the current practice of OPG and that of Bruce Power over the past nine months. I'll start with "education."

With respect to education: The community clearly understands the need for an educated skilled work force that can handle the responsibilities of safely operating a Nuclear Power Plant under the auspices of the Nuclear Safety Commission. Currently Bruce Power has expressed a desire to see an expanded nuclear training program which will handle the
demographics of our current work force and provide
the youth of our community with good educational
opportunities.

With regards to this objective, we
are pleased to understand that OPG, Bruce Power
has entered into discussions with the local
community college with a desire to retool the
existing marine engineering program to be more
industry specific for the nuclear industry. To
that end, the municipality has written letters to
the appropriate government bodies supporting this
initiative.

Secondly, dialogue: Dialogue and
communication represent the next key to community
support. OPG, formerly Ontario Hydro, has a long
history of daily, weekly and monthly
communications with the community and we have been
greatly encouraged by Bruce Power's communications
which are continuing with this tradition. For
example, the Nuclear Liaison Committee which is
composed of representatives from the municipality,
OPG and Bruce Power, meet on a monthly basis to
discuss important issues such as plant safety,
unit performance and community issues.

On a daily or weekly time line, I

StenoTran
can pick up the phone, I can contact Robert Nixon, Duncan Hawthorne or Dr. Jeffrey and get a rapid response to my concerns and, most importantly, a commitment to the due diligence required to resolve these concerns in a timely manner.

Next and most important, community concerns: The Mayor and Council must address with a hundred per cent certainty there's a safe operation of nuclear plants prior to any concerns of commercial profitability. Kincardine places a high regard for the role of the Canadian Nuclear Safety Commission in both its roles as Licensing Regulator as well as that of on-site Regulatory Control Inspection Team.

In all of our discussions with OPG past and with Bruce Power future, full disclosure of safety concerns and pro-active measures have and will take the top priority of the community. We have been pleased to see the steady performance improvement of the Bruce plant as it participates in the WANO Audit Program. These high standards and constant striving for improvement to safety and performance standards allow us to feel both confident and safe living in our community.

Bruce Power has been pro-active in
its approach by its participation in the Bruce 2000 Nuclear Safety Exercise and its involvement in some financial support of our ongoing Emergency Planning Program, in particular, its participation in our Municipal Operations Centre.

Bruce Power has met with the municipality, and its business-like approach has given the community confidence that it can handle the technical requirements of operating a CANDU Nuclear Station in a safe and effective manner.

As with all of our organizations, our most common and important element is people, and we appreciate Bruce Power's modern view with respect to its employee/employer relationship as proven by its partnership with both the Power Workers' Union, the Society of Energy Professionals and Cameco in the Bruce project. We believe Bruce Power is on target in its belief to look to its employees for suggestions and solutions to any problems within the company.

The next key indicator for community support is integrity. It's very important, in small town life, due to the fact that nuclear issues must be addressed in an open and honest fashion, allowing all parties to have
input into identified problems and to resolve them with jointly-created solutions. Integrity is a value that is learned by both experience and in association with a new community partner.

Specific examples of this trade have emerged through the open communication process that Bruce Power has had with its new employees and with the community. Open houses have allowed us the opportunity of getting to know Bruce Power, and concepts regarding technical challenges for restarting Bruce A and other key concerns have been addressed in an open and honest fashion, thus providing corporate integrity for all to view and adopt as a corporate position.

In keeping with the spirit of open and transparent communications, Kincardine will want to understand and play a role in determining the future of nuclear waste disposal plants for the Bruce. Kincardine has always supported responsible efforts to dispose of waste generated by the Bruce Generating facilities, but it has some concerns and reservations about receiving waste from other Ontario communities.

The Municipality of Kincardine has direct experience with Bruce Power's response to
our concerns regarding the future viability of the Bruce Energy Centre of which the community is a key stakeholder along with industry and OPG/Bruce Power.

The Bruce Energy Centre is an energy concept park that relies on the availability of nuclear produced steam supply in order to foster alternative environment-friendly economic growth. This symbiotic relationship between industry, community and the nuclear facility in Kincardine represents a spirit of cooperation that is essential to community support for a nuclear installation. Kincardine has embraced nuclear power development while at the same time trying to diversify our local economy through an innovative energy park that clearly highlights the economic advantages of being a nuclear community.

The Operator of the Bruce has ongoing obligations with respect to the supply and pricing of steam for the Bruce Energy Centre. As a result of the lay-up of the Bruce A Generating Station, these obligations have been met through temporary contingent arrangements. With the prospect of the recommissioning of Bruce A,
Kincardine wants to ensure that the long-term relationship between Kincardine, the community and the Nuclear Facility Operator for the long-term supply and pricing of steam is carefully considered by the Commission.

For our part, we have commissioned KPMG to do a technical report outlining the opportunities that will ensure long-term cost advantage opportunities for the Bruce Energy Centre with respect to its umbilical cord relationship with the Bruce facility. Therefore, Kincardine is seeking Bruce Power’s support for the KPMG technical solutions as a cornerstone to our community support for the present licence application.

It is with great pleasure that we note that the former Vice-President of OPG, Robert Nixon, will be a Director on the Bruce Power team. Mr. Nixon’s appointment provides a critical continuity factor with the community. We were also pleased to learn that Duncan Hawthorne will become Chief Executive Officer of Bruce Power effective May 1st. Mr. Hawthorne is known and well respected within the community for his role with Bruce Power in the acquisition of Bruce
Generating Stations A and B.

The community is also pleased with the strong participation of Andrew Johnson, Vice-President of Power Marketing on our local Economic Development Committee. His presence is intended to help the community diversify our economic development activities through safe alternate energy opportunities with what assistance Bruce Power may offer.

Lastly, community support. The last but clearly one of our most important platforms is seeing Bruce Power become an integral part of our community. We have been very pleased to see Bruce Power site its corporate offices in the Municipality of Kincardine, and most importantly see its people buy homes and fully integrate into the social fabric of Kincardine and area. We feel that this strong commitment to Kincardine by Bruce Power will achieve a sense of belonging and bonds to the community that will enhance an excellent track record as previously achieved by OPG, formerly Ontario Hydro.

If I may be succinct, I wish to clearly state that the Municipality of Kincardine along with its Elected Representatives is fully
supportive of Bruce Power's licensing application, including its current relicensing plans for Bruce B and that of potential plans to reconsider the restart of Bruce A, Units 3 and 4, and in the long term hopefully 1 and 2.

Herein lies the future of our community. Through continued local dialogue with Bruce Power, OPG and the Canadian Nuclear Safety Commission, we hope to continue forward with a solid foundation for safe, well-planned development.

THE CHAIRPERSON: Thank you very much, Mr. Mayor.

And now the floor will be open to questions from the Commission Members.

Dr. Giroux.

MEMBER GIROUX: Yes. Thank you. You have a strong statement in your presentation which you read saying that the entire community is extremely pleased that the -- I'm sorry. You have a strong support, and I'm not quoting the right sentence, about the elected representatives being in strong support of the application and what Bruce Power is planning to do. We will be hearing some contrary representations later on today.
My question is: What is the basis on which you establish your strong support, and specifically, has there been an election recently and has the presence of nuclear power up here in Bruce and Kincardine, has this been an issue during the election?

MAYOR L. KRAEMER: Yes, I would say in a community like this it's always an issue. The BNPD employs at least 30 per cent of our workforce and has an impact on all aspects of our lives. There's barely a family, including my own, that doesn't have at least one member involved with the industry in one way or the other, and they - I shouldn't say "they" - but the generation of energy in this community goes right back, it's the heart of the very first CANDU commercial plant in the world and, of course, in Canada. So it goes back a long way and, you know, it's key to just about everything we do. They are our largest employer.

I'm not sure if that answers your question correctly or not. If you are asking, was it part of the thing, part of the election, there were certain issues around it, yes.

MEMBER GIROUX: Well, let's say
more specifically. I don't want details, but were the candidates, for instance, openly supporting nuclear power and others openly being opinionated against and making that an important part of the platform?

MAYOR L. KRAEMER: I think the issues during the election in this local municipal election, which took place, November 13 was the final day for our municipal election, and the issues that surrounded the election, I would say the key issues were the Bruce Energy Centre and the future there around it. It's seen as a very important industry to provide secondary employment.

As I'm sure many of you are aware in Canada, being a one-industry town, we always like to encourage all aspects of diversification we can, and I think the diversification side of the election had more to do with it than any direct - what's the word I'm looking for - I guess "controversy" relating to whether or not Bruce Power was going to be the licensee.

From a community issue, if I may be allowed to speak in broader terms, it's seen by most people of our community - and I guess it's
hard to say the "entire" community - but by most
people of our community it's seen as a distinct
advantage that they will be officed here and that
the communications and interaction and involvement
and decision-making process will be very much
streamlined and enhanced by being able to be made
right at the point of control, and right within
the community. That is seen as no small advantage
by any stretch of the imagination.

   It didn't really play a factor in
the election, I wouldn't say. I would say it was
just more a general acceptance, to speak in broad
terms, if that helps with your question.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: Two questions I
have. The first one, you mention in your
submission about the re-tooling of the community
college. Has this proceeded? Has this happened
or is this just a recommendation that you are
having?

MAYOR L. KRAEMER: In one aspect
it has, but the specific one that I'm talking
about I don't believe has. I think this week
events have caught up that there has been an
announcement or there's about to be an announcement that Bruce Power will be sighting a school at the plant. Am I right on that, or is there -- a campus? Maybe they could clear that one up.

MR. JEFFREY: Yes. Well, the announcement - the issue I referred to earlier in the Kincardine News that we are developing a very good relationship with Georgian College in terms of training people to come here and work in the plant, and we are aspiring that a lot of that intake would come from people in the locality.

So we are making progress, and we hope that the training of these people at Georgian College will commence this fall. We're making good progress in that.

MAYOR L. KRAEMER: The point I was referring to though was a separate issue to that one, which was the Marine Engineering Program at Georgian Campus in Owen Sound was in trouble and it was seen as a key source of skilled personnel for the industry, and we were urging the Ontario Government to either continue with that program or use that as a base expertise to expand it to a more nuclear specific program, and I don't believe
there's been word on that yet. At least I haven't seen it.

MR. JEFFREY: We are making good progress. I mean, it's not going nearly as fast as we would like it to go, but we hope there would be instances going into that Marine Engineering course with modules to be added that are appropriate to nuclear expertise.

THE CHAIRPERSON: Ms MacLachlan.

MEMBER MacLACHLAN: You made reference to the Bruce Energy Centre.

MAYOR L. KRAEMER: Mm-hmm.

MEMBER MacLACHLAN: Who owns that centre?

MAYOR L. KRAEMER: It's owned by IEDC, Integrated Energy Development I believe is the primary developer and there are six industries there. They have had a long-term arrangement formerly with Ontario Hydro which was supported by -- started by the Ontario government.

There's a steam-line which runs from Generating Station A that provided extremely competitive steam in the past to the Energy Centre, but with the lay-up of A that was no longer available and it's been supplied by an
MEMBER MacLACHLAN: And what is the role of that Centre?

MAYOR L. KRAEMER: The role of the Centre?

MEMBER MacLACHLAN: Yes.

MAYOR L. KRAEMER: Of the Energy Centre?

MEMBER MacLACHLAN: Yes.

MAYOR L. KRAEMER: It's private enterprise, it's an initiative to diversify the energy industry. The goal has been to attract energy-intensive industry to the area around the plant. It has I believe seven or eight acres under glass with a greenhouse that provides tomatoes in the off-season and it's been a very good thing. And there's a juicing plant that provides a lot of processed tomatoes as well as make many other specialized offerings.

There's an alfalfa cubing plant which processes in the neighbourhood of I believe around 40,000 acres of alfalfa every year.

There's a plastics extrusion facility called Biex, has been St. Lawrence Technologies and an alcohol plant. Commercial
Alcohol has a plant there where they provide fuel alcohols as well as high grade alcohol for the distillation market.

MEMBER MacLACHLAN: Who's paying for the energy since the steam is no longer available from Bruce?

MAYOR L. KRAEMER: Who's paying for it?

MEMBER MacLACHLAN: Mm-hmm.

MAYOR L. KRAEMER: The industries pay for it, but it cannot be produced at the cost that it was formerly produced at. Bruce Power has taken over, or is proposing to take over the contracts as part of the transfer, I understand.

MEMBER MacLACHLAN: So then the interest of the Town is ensuring that that Centre is able to continue on in the future for diversification of the economy?

MAYOR L. KRAEMER: We would very much like to see it. It's at about one-tenth the size of what it's proposed to be at, and we would very much like to see it grow and very much like to see it add diversification to our community as well as provide extended support for CANDU technologies.
It's been supported by AECL in various forms, verbally as well as in some of this literature as a promotional source. We feel it's an excellent initiative.

MEMBER MacLACHLAN: Is the Centre subsidized by government? You say it's privately owned by IEDC?

MAYOR L. KRAEMER: It's not if the sources of energy are produced for it in the manner that it was intended. However, if they're produced by fossil fuel sources, then yes it will have to be. So therein lies the challenge.

THE CHAIRPERSON: Thank you very much. We will now move to the oral presentation by the Power Workers' Union as outlined in CMD Document 01-H6.4, and I believe President MAcKinnon is with us today.

01-H6.4

Oral Presentation by the Power Workers' Union

MR. MacKINNON: Thank you.

Madam President, Members of the CNSC, my name is Don MacKinnon and I am President of the Power Workers' Union. With me today are Terry Pigeau, Vice-President Sector One; Harold

StenoTran
Hergott, our PWU Nuclear Regulatory Coordinator on the Bruce Site; Dennis Fry, Sector One Bruce Site Representative and PWU nominee to the Bruce Power Inc. Board of Directors. As well as Dave Shier, our Sector One Nuclear Staff Officer.

We welcome this opportunity to appear before you and present our support for Bruce Power's acquisition of an operating licence for the Bruce Site.

The Power Workers' Union represents some 2,200 members on the site. It is also a limited partner in the new company. Bruce Power. Our presentation to you will consist of identifying the needs of our members working at a nuclear facility, our view of the Bruce Power licence application, informing you about the state of labour relations on the site, and finally our view and commitments around the path ahead.

Let me now be specific about our members' priorities. The most basic needs of our members are health and safety for them, their families and their communities, long-term security, and the need for work that both utilizes and provides for further development of their
In order for us to ensure that our members' needs are met, we have to ensure that the business is safe and successful. The most profitable nuclear stations are the safest. In other words, safety and production are complementary. Business excellence is achieved through people excellence. Achieving this excellence increases the value of the business, thereby providing a higher level of security for the employees. Therefore, the very things that our members need are exactly what will make Bruce Power Incorporated successful.

MR. PIGEAU: I would like to now talk about the PW review of the Bruce Power filings around both the objective and scope. The PWU obtained all of Bruce Power's operating licence filings. They were made quite available to us immediately upon request. We have examined them all to assess any impact on our members' needs of health and safety and their long-term security. We are also interested in Bruce Power's position regarding previous commitments that have been made to CNSC by OPG.

It's our position regarding these
filings that the PW supports the Bruce Power operating licence application in full. We have found and conclude that CNSC and IIP commitments are to be honoured. There will be no physical changes to operations. Day-to-day operations will remain unchanged. Safety and the environment will not be compromised.

Two further points: In addition we see great potential in having local lines of accountability, as has been mentioned numerous times today so far, and ownership along with - and this is quotes from the Day One Hearing - "High Level On-Site and Accountability with CNSC Oversight."

One final point on this: The Bruce Power Safety Advisory Supervisory Committee that will report directly to the Board of Directors is seen as a real strength for the PWU and will have direct dialogue with that group.

MR. FRY: Madam Chair, Commissioners, I would like to go over the Bruce Power/PW labour relationship.

Our experiences to date have all been based on complete openness between the parties. This has led to a greater understanding
of both people and business needs setting the
stage for a very productive relationship. Our
presentation will now focus on some current
efforts.

From the very beginning Bruce
Power clearly demonstrated its intent to work with
this Union. The Bruce Site lease arrangement with
Ontario Power Generation was contingent on Bruce
Power getting a Memorandum of Understanding with
each of the Unions. We will discuss the
Memorandum of Understanding in more detail later
in our presentation.

Having a PW member on the Board of
Directors provides an opportunity for us to have a
high level access point to give input and gain
much more understanding of the business issues.
When we made known our intention to intervene on
the Bruce Power application, all submissions were
made readily available to us.

We've had very positive
experiences to date in joint efforts with Bruce
Power. Examples include: Holding a joint meeting
with CNSC staff on human performance issues,
implementing eight of the elements of the
international system for loss control, planning
As we mentioned earlier in our presentation, the Memorandum of Understanding signed by Bruce Power and the Power Workers' Union warrants more discussion. It provides the road map for the path forward. The MOU is a very innovative document that both parties are proud of. It is the foundation for a new type of Union/management relationship. It commits the parties to certain behaviours in working together cooperatively. It also provides for both employment security for our members and labour stability for the business (i.e. no distractions).

In addition, a joint working party of PWU and management has been formed to deal with labour relations issues, and a tripartite (PWU/society and Bruce Power) business improvement group is developing its charter and objectives.

In the Memorandum of Understanding, the parties also commit to making improvements to both plant and people performance.

Some examples are: establishing fix-it now multi-disciplined work teams; working to improve staff structure; developing new labour
contracts; and committing to work collaboratively on barriers to getting work done and other jurisdictional issues.

The PWU concludes that everything is ready for the transition of the Bruce Site operating licence to Bruce Power. The members on the site are eagerly looking forward to it. All of their lower level needs of safety and security are taken care of and they are keen to be involved in working towards their own and the new company's higher level needs.

Many of our members who have chosen to remain on the site are currently helping Bruce B improve its performance. They understand any decision on a Bruce A restart is contingent on Bruce B performance improvements. They look forward to that task and are hoping that the business case for Bruce A is positive.

The slide above depicts the elements that come together to form a critical mass to performance improvement. Our members know that the status quo could be improved on, they have a vision of how rewarding this new workplace could be, and they believe that the culture of involvement that Bruce Power will be creating and

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has created will get us there.

Thank you very much.

THE CHAIRPERSON: Thank you. The floor is now open for questions from the Commission Members.

Mr. Graham.

MEMBER GRAHAM: The question I have is with regard to the part of your presentation with the path ahead, and you have a list of I guess priorities that you -- I believe it's on page 11. I'm sorry, it's page 10.

My question I guess is that some of these objectives certainly are going to require some financial involvement, some financial investment. Also your Unions have become a partner in this agreement, I believe, as far as a financial partner in the agreement of Bruce Power; is that correct?

MR. HERGOTT: That's correct.

MEMBER GRAHAM: In that agreement that you have between Bruce Power and yourselves, is there anything in that agreement that makes sure that the profits of this plant will stay within the country and not go to the parent company or so on, that the money stays as a
reinvestment? Is that part of the MOU?

MR. HERGOTT: I will turn the

equity investment question over to Don.

MR. MacKINNON: Yes. The

agreement we have ensures that any moneys that we

attain through this agreement would stay within

the Power Workers' framework and, therefore, in

the Province of Ontario, in Canada.

MEMBER GRAHAM: That's just your

part which is three or four per cent? I forget

the exact amount.

MR. MacKINNON: We have a two per

cent equity share with an option of two more in

the future.

MEMBER GRAHAM: So four per cent.

So four per cent of the profits have to stay in

Ontario, but there's nothing in the MOU that the

entire profits would have to stay and cannot be

removed out of the country, and so on, to the

parent company or to the U.S. and so on?

MR. MacKINNON: There is nothing

within the agreements we have with Bruce Power

that deal with that. That question would have to

be directed to Bruce Power, what they do with

their share.
MEMBER GRAHAM: Okay. Also, this morning in the questioning we heard that down the road - two years, three years - when Bruce A, if it gets going and so on, the labour force would be approximately in both plants operating considerably less per kilowatt hour or per unit cost, I guess, than what it is today.

Is that in concurrence with your figures also and the way you see it?

MR. MacKINNON: Well, based on what we saw or what you heard this morning, there are staff still at the Bruce Site that would have left if in fact they had continued to be attributed to Bruce B.

MEMBER GRAHAM: Yes.

MR. MacKINNON: So if units do start up on the A Site, there will be staff readily available to go there.

We believe that, and we've seen this demonstrated elsewhere, that Bruce Power's commitment not to force people to leave the site is in fact true. And what numbers we can value to attrition we don't know at this time.

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: Yes, thank you. A
comment and a question.

I think this is a very significant presentation that we hear, and in the years in which I have sat here as a Commission Member and Board Member, that's one of the most optimistic presentations I have heard and I hope this is going to be carried forward. I wanted to stress that.

I have two questions. The first one is very simple: Is there a duration in the Memorandum of Understanding? Is there a time limit on this or is it open?

MR. MacKINNON: The MOU is part of our or will become part of our current Collective Agreement which will time out in April of 2002.

MEMBER GIROUX: Which is a year from now?

MR. MacKINNON: Yes.

MEMBER GIROUX: Would it be a correct assumption to assume that you would be planning to carry it forward into the next agreement?

MR. HERGOTT: Part of the MOU calls for us to begin single table negotiations and we'll certainly be doing that prior to the
timing out of the current agreement under the normal bargaining process, and it will certainly be our intent to carry this relationship and hopefully enhance this relationship forward through the bargaining process.

MEMBER GIROUX: Because we would be looking for a two-year duration for the licence.

MR. HERGOTT: Yes.

MEMBER GIROUX: Could you be more specific in terms of the MOU? You have very interesting words in your presentation about labour peace and no distractions. Do I translate this correctly into "no strikes" and "no grievance," and how else can this be translated?

MR. MacKINNON: I think the very fact that we were able to negotiate an MOU like that in the middle of a term of a collective agreement with OPG where OPG in fact was the Owner/operator is significant, that the members here ratified that overwhelmingly, and it has new things in it that they hadn't seen before. There is flexibility built into that MOU that weren't previously there.

I think it goes a long way to
demonstrate the Union's commitment and the membership commitment to working with the new owners to, in fact, have labour stability, labour peace and a productive environment.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Thank you very much. I would ask that the people in the first two sets of Intervenors, if you could let the next group come forward? I like to see people right in front of me.

MAYOR L. KRAEMER: Thank you.

THE CHAIRPERSON: Thanks. We're adapting to facilities as we go along here.

The next presentation is by the South Bruce Impact Advisory Committee and this is outlined in CMD Document 01-H6.5, and we have the Chair with us today.

01-H6.5

Oral Presentation by the South Bruce Impact Advisory Committee

MR. RIBEY: Thank you, Madam Chair, Members of the Canadian Nuclear Safety Commission. Perhaps I should introduce myself first. I'm Howard Ribey, I am a member of Council
for the Municipality of Kincardine. I am Chairman of the Impact Advisory Committee and I was the former Reeve of Bruce Township which was the host of the BNPD before amalgamation.

It is my pleasure on behalf of the South Bruce Impact Advisory Committee to welcome you to the Bruce and to show our support for the application by Bruce Power for a licence to operate the Bruce A and the Bruce B Nuclear Generating Stations.

We understand that Ontario Power Generation licences to operate cannot be transferred and that new licences to Bruce Power are required under the Nuclear Safety and Control Act.

The South Bruce Impact Advisory Committee is a committee made up of elected representatives from the municipalities of Kincardine, Saugeen Shores, Arran-Elderslie, Huron-Kinloss and the County of Bruce. As well there is representation from Bruce Community Development Corporation and Ontario Power Generation. Bruce Power will also become a voting member when your Board approves the operating licence for the Bruce Site.
The IAC meets monthly to review operations and conditions as well as concerns relevant to the operations of the Bruce Nuclear Power Development Site. This is an excellent format for elected personnel to be informed of the changes in employment numbers, unit shutdowns, waste management, environmental issues and any other issues including licence applications which we are dealing with today. We work closely with OPG and in the past 10 months with Bruce Power to ensure a healthy, safe and viable environment for our community.

We have reviewed the document provided by your staff and the transcript of the meeting of February 8, 2001 at which your Board gave its initial consideration to this application, and we offer the following comment.

Mr. Jeffrey in his oral presentation referred to Bruce Power's commitment "Safety First." This is fundamental to our success and is essential to our long-term business goals. In a later statement he comments: "We have found that the Bruce Site has highly qualified staff and Labour Unions that want this business to be a success."
The IAC has always stressed that safety must be the initial consideration and agree that the BNPD staff can and will support Bruce Power in its commitment to make the site a world-class facility.

In Mr. Hawthorne's presentation he explained the responsibility of the Safety Supervisory Committee chaired by an independent member of Bruce Power Board and the strategy to improve the safety culture by implementing the International Safety Rating Systems with progress being measured by and independent internal/external auditor.

We feel this is an excellent approach to safety and would be pleased if updates on these reports were made available to the IAC so that progress could be monitored at our committee meetings.

In the CNSC comments, it was gratifying to read that the application provided all the information required by the regulations associated with Nuclear Safety and Control Act for an operating licence for a class 1A facility and that the CNSC staff reviewed this material with the focus on nuclear safety aspects.

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They also commented on the approach Bruce Power intended to take with the Ontario Power Generation ongoing improvement program by their intention to retain the organization, staff programs, policies and procedures for the Bruce Site and that CNSC staff reviewed the changes Bruce Power planned to make and finds them acceptable.

Your staff commented on the technical qualifications of Bruce Power, and we would agree that the experience of their operations in the United Kingdom and in the United States should be somewhat similar to operations with CANDU reactors. We feel that the retention of present staff, and with Ontario Power Generation's cooperation and support services that it is reasonable to expect a smooth transfer of operations.

We would also agree that there is potential for longer term issues but feel that with Bruce Power's commitment for recruitment and training of new staff that these issues can and will be addressed.

In regards to Bruce Power's financial qualifications, your staff has obviously
reviewed this issue and we were pleased with the recommendations in regard to their financial ability to maintain the station in a safe shutdown of all units for an extended period, should the need arise.

We are pleased that the CNSC staff, through their due diligence, recommended to your Board the approval of the issuance of a Power Reactor Operating Licence to Bruce Power for Bruce A and B Nuclear Stations with an expiry date of October 31st, 2003. This is supported by the IAC and we are confident in saying that it would be supported by the community at large.

Madam Chair and Members of the Board, the questions raised by your Board indicates to us that your commitment is to assure that Bruce Power can and will have the resources, be it financial, contractual or through personnel resources, be able to operate the BNPD in a safe and responsible manner. We feel that given the presentations on commitments by Bruce Power's executive staff and the Canadian Nuclear Safety Commission staff recommendations that this can be achieved.

In regards to your own question,
Madam Chair, as to the consultation with the community, staff and public and their perception of the proposal, we would offer the following statements?

Like all communities where nuclear facilities operate, the Bruce community does have those in our midst who continue to question and to resist explanations of the positive aspects of nuclear energy economically and environmentally for the benefit of mankind. However, please be assured that those of us who continue to support nuclear energy as a source of electrical generation are, by far, in the majority to those who oppose it.

Because we are a relatively less populated area than other areas where nuclear operations exist, many neighbours, friends or relatives are employed at the BNPD. These employees can be some of the greatest ambassadors for this proposal. Many, many employees have indicated to their community their support of this proposal.

Bruce Power and Ontario Power Generation have been very open to the host municipality, the IAC service groups in the urban
municipalities and the media in explaining the
transition and whose responsibility it is with
regards to the various aspects of the Agreement.

And if I could just stray from my
context for just one moment, I did table with
Carmen Ellyson this morning an envelope that
contained a number of press clippings of articles
and editorials that you could review at your
leisure really to see the support that the
proposal has from our community.

Bruce Power, since the initial
announcement, has taken some very positive
initiatives which we fully endorse.

Number 1, they have stressed
Safety First as their No. 1 driver; two, have
established their head office in the host
municipality; three, reaffirmed their commitment
to retain present staff, shown commitment to
recruit new employees and partnerships with
colleges and universities for specialized
training, have committed financial resources to
the host municipality for emergency planning
initiatives, and made financial contributions to
various community projects, one of which is a
Women's House of Bruce County.
Commitments such as these are an indication to the IAC that Bruce Power can and will be a responsible corporate citizen in our community. With the support and scrutiny by CNSC staff we are confident that this facility will continue to be operated in a safe and responsible manner.

Madam Chair, Members of the CNSC Board, the IAC fully endorses the application of Bruce Power for an operating licence for Bruce A and B and respectfully requests that your Board give favourable consideration to this licence application.

Thank you.

THE CHAIRPERSON: Thank you very much. The floor is open for questions from the Commission Members.

I just have a question with regards to the South Bruce Advisory Committee. Could you tell me a little bit about yourselves.

MR. RIBEY: Well, I indicated it is made up of elected representatives from the surrounding municipalities of the site really, and it has been an ongoing committee for a number of years really, and through it we do discuss a
varied number of issues pertaining to the operations of the site.

THE CHAIRPERSON: Mainly economic, would that be --

MR. RIBEY: Certainly economics is one of the issues. When they anticipate that there could be a reduction in employees, we would be one of the first parties that would be made aware of it really, so that those elected representatives don't get questioned on it on the street on issues like that really. It's a very worthwhile committee and it has worked well.

THE CHAIRPERSON: I believe that that is the only question.

Thank you very much.

MR. RIBEY: Thank you.

THE CHAIRPERSON: Our next oral presentation will be by Citizens for Renewable Energy as outlined in CMD Document 01-H6.6.

And Mr. Kleinau is with us, I believe. Welcome to the Commission.

01-H6.6

Oral Presentation by Citizens for Renewable Energy

MR. KLEINAU: Thank you very much,
Madam Chair, and Members of the Commission, good afternoon.

My name is Sigfried Kleinau, better known as Ziggy, and we thank you very much for the opportunity to make this presentation on behalf of the directors and over 1,000 members of the Citizens for Renewable Energy, a non-profit organization incorporated in Ontario in 1996. I would like to mention that we had a number of our members here for the morning session to show their support. Most of them unfortunately had to leave because of time constraints, they are very much -- they have very heavy schedules, so just to take that into consideration.

We have reviewed the Applicant's submission requesting the operating licence as well as CNSC's staff CMD 01-H6 and also numerous other relevant documentation, but we had a 33-page fax and following after that an 18-page fax less than 48 hours before this Hearing and we, unfortunately, are not able to comment on that, and I would like the Commission to take that into consideration.

We strongly oppose the combined application for Bruce A and Bruce B as both plants
were previously separately assessed. The need for
this is especially obvious now with Bruce A in a
defueled guarantee shutdown state. Issues in both
plants are so decisively different that separate
Hearings are absolutely necessary to assess the
status in all of their complexities.

Now, our submission was sent in at
a fairly early date and we received a press
release from Ontario Power Generation, British
Energy about the joint venture to provide
electricity from a wind farm, and we are certainly
very appreciative of this move and hope that it's
not just a public relation exercise and that they
will follow up on even more of this kind of power
that does not require any fuel, that does not
pollute and that does not leave any waste. So we
are certainly able to endorse that kind of a move.

We fully agree with staff's
findings that this Operating Licence Application
is unprecedented especially with the applicant
coming to Canada with no experience in operating
CANDU Heavy Water Reactors, and also being just
not an Owner/Operator but only a lessee operator.
That's another big argument in looking closely at
this application here.

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The other novelty is that the applicant will not own but only lease the nuclear plants and, therefore, not have any responsibility for the high level radioactive waste resulting from the operation, nor for the looming decommissioning of the reactors.

As the applicant's parent company, British Energy, has no assets in Canada, financial liability has to be addressed. In our opinion the letters of financial guarantees are completely inadequate.

Even staff qualify their finding uses phrases like "currently capable of fulfilling the provisions" and "the letters provide an adequate amount of operational financial assurance at the present time".

The parent company is presently involved in a drastic expansion phase in the U.S.A., also they are reported to be having difficulties in the U.K. with aging reactors and falling electricity prices in a deregulated marketing environment.

Because of these problems, the financial guarantees could vanish overnight. This would mean that the commitment regarding safety

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upgrades, especially the fire protection program, the CAI issues and the completion of the OP, GIP projects would be in jeopardy.

In their application submission CMD 01-H6.1, Bruce Power constantly mentions their safety and commitment but they never really define what they mean by "Safety First".

Could it be that they want to keep their shareholders safe from financial losses? It almost gives that impression when we see under "Bruce Power Values," "Safety First." This is fundamental to our success and is essential to us achieving our long-term business goals." That's in quotes.

In many references, safety and commercial performance are intimately combined. With the Applicant preparing to sell into the upcoming deregulated competitive electricity market, these statements have an ominous ring and our suspicions would be well-founded.

A little over a year ago the United Kingdom Nuclear Energy Regulator, the Nuclear Installation Inspectorate, released a scathing report on British Energy pointing to staff cutbacks affecting safe operation levels.
They found remaining staff working unreal hours of overtime and that there was an over reliance on outside contractors who were not always familiar with nuclear operations.

Going through the applicant's submission with all its safety assurances, we can not find a single reference to a nuclear emergency plan. The possibility of a nuclear accident of fire can never be discounted. A licence condition exists where a nuclear emergency plan has to be in place to be granted an operating licence.

Even though we notice from the staff's report - that's the CNSC staff report - that there is one presently being reviewed by Emergency Measures Ontario, we find it significant that there was no mention of this important integral part of nuclear operation in Bruce Power's application.

In CMD 01-H6 we find numerous references where staff addresses problem areas of improvements as well as short-term contractual arrangements. Their conclusion seems to be always that by monitoring and assessing progress by CNSC staff at the site, compliance with the licence can be guaranteed.
Just at the end of last year the Auditor General of Canada in his report pointed to critical shortcomings in CNSC's safety assessments. In 27.23 in his CNSC Audit and Power Reactor Regulation he recommends, and I quote:

"The CNSC should implement a quantifiable rating of safety performance, taking into account the safety-related portion of other systems used in the industry, and should use this rating, along with a more rigorous and integrated risk assessment and other qualitative information, to systematically determine the level and type of regulatory efforts required."

In regard to staff's ability to perform its inspection and monitoring tasks, he writes in 27.34:

"The present vacancy rate (about 12 per cent overall, 8 per cent in power reactor regulation line) and the..."
lengthy periods of vacancies in technical positions have a significant impact in our view of the CNSC's ability to effectively inspect and regulate the nuclear industry despite management's efforts to reduce that impact."

In light of these shortcomings and the ability to regulate the use of nuclear energy and materials to protect health, safety, security and the environment, and with the unproven ability of the Applicant, both financial and operational, we are highly concerned with this operating licence application.

Now, in our presentation on the Bruce A licence renewal last year, we proposed an Independent Panel Hearing under the Canadian Environmental Assessment Act to assure that in the event of a sale or a lease of the facility the new owners or operators will (a) meet stringent conditions of safety and accountability to workers and the public; (b) provide proof that the aging components will be fully compliant with all codes and certificates applicable to safe operation. We
need to extend this request to the Bruce B operating licence application.

As well, due to the numerous outstanding issues that need to be addressed, and I would like to introduce the Board to the employment issues for this part of the community to an article called "Generating Jobs," and it says here:

"Wind power generates about five times more jobs than are required in nuclear or coal-fired plants and one wind turbine will reduce emissions by over 1,000 tonnes of CO2 per year."

And I would like to leave this with the Commission to have a look at it. It's done by a research fellow at the Australian Cooperative Research Centre for Renewable Energy, University of Murdoch in Australia and it applies absolutely to this continent, not just to Australia.

And employees are getting retrained all the time. So we don't see any reason why instead of putting 320-million into
possibly reopening two reactors in the A section
and instead putting it into this renewable energy
effort.

In conclusion, we respectfully ask
the Commission to acknowledge the overwhelming
public concern with the Bruce Power Licence
Application and the ability of CNSC staff to
perform proper inspection and monitoring tasks.
We request the withholding of an operating licence
to Bruce Power under the NSC Act Subsection 24(4)
until the wide-ranging issues covered in the
Application are addressed through a fully
independent Panel Environmental Assessment
Hearing.

Now, I still just want to put back
this aspect here that the CNSC staff said this is
a completely new type of licence that you are
issuing because it's not an Owner/operator, it's a
lease operator, and again, there are so many
issues that have never come before the Board
before, so I would hope that this would be taken
into consideration.

Thank you very much for this
opportunity.

THE CHAIRPERSON: Thank you very

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much, and we would be very interested in making
sure we have a copy of that information that you
discussed.

MR. KLEINAU: Right.

THE CHAIRPERSON: The floor is now
open for questions from the Members.

Dr. Carty.

MEMBER CARTY: Good afternoon, Mr.
Kleinau.

MR. KLEINAU: Good afternoon, Dr.
Carty.

MEMBER CARTY: You make mention in
one of the first paragraphs of your letter about
responsibility for high-level radioactive waste
and looming decommissioning, and I was wondering
if you are aware of the fact that in its written
submission OPG has reconfirmed that it has the
obligation to decommission the site and also
responsibility for waste management?

MR. KLEINAU: Yes, I'm quite aware
of that. Of course, that again is part of the
taxpayers' contribution to something that this
lease operator is going to leave behind and where
I guess the profits count and the waste is the
taxpayers' consignment.
MEMBER CARTY: But I don't think OPG is really a public sector company anymore, is it?

MR. KLEINAU: Well, it's very well known that they're certainly guaranteed their funding by the Ontario Government. And of course the decommissioning figures that they come up with, in our estimation, don't even come close because in some of the examples -- I mean, there's some decommissioning going on in the United States and it has been the experience that it costs more to decommission those plants than it cost originally to build them, so that has to be taken into consideration too, that these figures probably will not meet the need of this operation.

MEMBER CARTY: There is also a commitment on paper for the provision of applicable financial guarantees. This is in the submission that the Commission has received.

MR. KLEINAU: Yes. Right, yes, yes, I'm aware of that.

MEMBER CARTY: I just wondered if you could give us an indication from your organization how many of your members are actually from the Bruce area?
MR. KLEINAU: This is one of the core areas of our organization. Bruce and Grey County and Perth County but then most -- then quite a few of the members around the Pickering Nuclear Plant, and so it actually is concentrated around the nuclear areas.

And of course what we're trying to do is saying that there's cleaner and safer ways to generate electricity and it's been proven from European examples that they're starting to go that way.

THE CHAIRPERSON: Sorry, Dr. Barnes.

MEMBER BARNES: Bruce Power indicated earlier that they had invited all kinds of people, including those opposed to nuclear power, to meet with them and share their concerns. Did your organization or you yourself take up this opportunity?

MR. KLEINAU: We had that invitation. Unfortunately, I was laid up due to a hip replacement operation and I was not able to attend.

MR. BARNES: But you indicated that you have many people in your organization in
this area. Do you not have a structure that some
of those could have represented the views?

MR. KLEINAU: Yes, but there's a
problem with people that have -- I mean, people
have to have knowledge about the nuclear
operations, and I do not have very -- very
complement board in regard to nuclear power
generation expertise.

So it would have to be me who
would have to attend to be able to take in the
information and also to ask questions.

MEMBER BARNES: I presume the
offer is still open though for such meetings? I
see nodding.

MR. KLEINAU: Well, I'll be
certainly happy to attend any other meetings and
certainly comply.

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: Yes. Mr. Kleinau,
your calling in your presentation for a full
assessment under CEAA, I don't know of any trigger
under CEAA that would generate this assessment at
this time and I don't know if you can indicate one
or are you just asking us on our own decision
power to trigger such an assessment?
MR. KLEINAU: Well, I mean, there has been an assessment for the Pickering A restart and, as I mentioned before, we feel that because of this novelty in the licence application that there should be an assessment looking into all the different issues including the financial issues and the background of the lessee to just ensure that everything is being covered.

Of course, I mean, there has been talk in this licence application that the Bruce Power is intending to look at reopening the Bruce A, the reactors, the 25-year-old reactors, and that's another thing. I mean, 25-year-old reactors, they certainly need a very close look to see if they still can be made operational. And this would be definitely something that an environmental assessment could look at and should look at.

MEMBER GIROUX: But you still are not arguing under CEAA?

MR. KLEINAU: Pardon?

MEMBER GIROUX: You're not arguing under CEAA, the Canadian Environmental Assessment Act? You're not saying that CEAA should be used?

MR. KLEINAU: I don't have the Act
with me here to say exactly which portion would be applicable for this request but I could certainly send that in to the attention to your Board.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Ms MacLachlan.

MEMBER MacLACHLAN: My question also had to do with CEAA and if you do have a recommendation on the specific provision under which --

MR. KLEINAU: I can hardly understand you, sorry.

MEMBER MacLACHLAN: My question also was with respect to CEAA and if you do have a specific provision or set of provisions under CEAA that you are recommending the Commission use to trigger an assessment, I would appreciate that you do send that information in. Thank you.

MR. KLEINAU: Certainly, yes, yes. I believe it's Section 16 paragraph 1, in that area. We mentioned it at the Pickering Application. And, as I say, I will be glad to supply that to the Board.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: Yes. A question or a comment, I guess a question I would like to
comment on, the second paragraph on page 2 of your notes regarding that NII released a scathing report on British Energy pointing out the cutbacks affecting safety operations, and they found the remaining staff working unreal hours and overtime and so on, and that's quite strong.

Would you like to comment further and then I will maybe perhaps hear from British Energy, or Bruce Power, I mean.

MR. KLEINAU: Okay. Now, we are also connected with the World Information Service on Energy based in Amsterdam and we also have a member -- you might laugh, but I have a member in the U.K. and I have been getting quite a few of the newspaper clippings from the Guardian Newspaper, that's where I got this information from.

MEMBER GRAHAM: So the information was not directly from the report; it was from a newspaper article and their interpretation of the report?

MR. KLEINAU: Yes. A newspaper article reported on this audit and also quoted the Inspectorate.

MEMBER GRAHAM: Madam Chair, could
we perhaps hear from Bruce Power on that?

THE CHAIRPERSON: Yes, but I would also like to recognize that this morning we had a discussion on this already, so I just don't want a complete repeat of that. But I think it is fair to ask Dr. Jeffrey to do that.

MR. JEFFREY: Yes. Madam Chair, I was going to say that this is the subject of the NII audit that I was questioned on this morning, and the issue of overtime was one of the recommendations in the NII report and that was addressed by the reference I made to "workload planning."

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: Yes. Since we have raised the issue of an independent assessment under CEAA, could we ask staff to confirm or tell us whether there is or there is not a trigger in CEAA that might be used here to trigger such an assessment? I'm sure staff must have a record of that.

MR. BLYTH: Yes, we certainly looked at whether or not CEAA was activated as part of this process for licensing of Bruce Power, and our determination was that it was not
activated because the usage of the facilities was not going to change. Bruce A would remain in its current shutdown state and Bruce B would continue to operate as a Power Reactor.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Further questions.

Thank you very much, sir. Earlier we had an understanding that Great Lakes United wouldn't be here at this time, that they would be here at four o'clock. I just wanted to check before we move on. We will be coming back to them, but I just wanted to confirm that they aren't in the audience. Okay. Then we move then to the next presentation which is an oral presentation by the Town of Saugeen - I hope I pronounced that correctly - Shores as outlined in Document 01-H6.8.

And you can correct my pronunciation.

01-H6.8

Oral Presentation by Town of Saugeen Shores

MAYOR M. KRAEMER: Chair, Members
of the Commission, fellow Intervenors, staff and members of the public, to my right is Councillor Fred Schildroth. My name is Mark Kraemer and the pronunciation is actually "Saugeen Shores."

THE CHAIRPERSON: Okay. Thank you very much.

MAYOR M. KRAEMER: As Mayor, it gives me great pleasure to attend this hearing on behalf of all the residents of Saugeen Shores. For the benefit of the Board, Saugeen Shores is the amalgamated Municipality of the former Town of Port Elgin, Town of Southampton and the Township of Saugeen.

Saugeen Shores was formed on January the 1st of 1999. Up until that time Port Elgin was recognized as one of two host municipalities of the Bruce Nuclear Power Development housing approximately 39 per cent of the employees. Ontario Hydro and its successor company OPG have been and continue to be very important corporate members of our community. Since the 1960s they have been our largest employer and were pro-active in assessing impacted communities in dealing with the stress placed on
infrastructure due to a trebling of populations. Over the years Ontario Hydro and OPG developed a close working relationship with the neighbouring communities recognizing the huge impact they had on our daily lives, both economically and environmentally. To keep the flow of information moving freely, various initiatives like the Impact Advisory Committee and production of quarterly report cards were some of the ways we were kept up-to-date.

While we certainly did not agree with IIPA or NAOP, or NAOP as it was referred to, and the subsequent impact on our area of the closure of Bruce A, we would say that Ontario Hydro has been a good corporate citizen.

The passage of Bill 35 was something that we followed with much interest, not only for its ultimate impact on distribution of power in Ontario but also as to its impact of regulating the divestiture of 65 per cent of the production capabilities of Ontario Hydro and the creation of the five successor companies.

We believe that Bruce A would be high on the list of sites available for sale or lease due to the manner in which it was dealt with.
by OPG. They clearly had no intention of
rehabilitating this station even though two of
four units were economically viable when laid up
in 1998. Thus when the announcement that British
Energy was actively pursuing an agreement with OPG
for the lease of BNPD it was not a great surprise
but it did raise some interesting scenarios not
previously experienced in the nuclear arena in
Canada, that of private sector reactor operation.

As a municipality, the continued
operation of Bruce A and Bruce B, from an
economical perspective, is imperative; however,
this should not be done without due consideration
of the following areas: Firstly, safety; secondly,
environmental issues; thirdly, community impact;
and fourthly, employee impact.

It is our feeling that Bruce Power
has recognized the importance of all of these
impact areas and are prepared to deal effectively
and fairly with any and all issues surrounding
them.

We have read their application to
CNSC and the report of CNSC staff with their
corresponding recommendations and believe many
community concerns are amply covered.
Safety issues are being dealt with by implementing the International Safety Rating System or ISRS which requires that progress be measured by an independent external auditor. Bruce Power has entrenched a safety-first commitment as one of their core values. We believe this augers well for the safety of the employees, the environment and our communities.

Environmental issues are clearly of the highest priority. Once again, everything we have read in the various documentation satisfies us that the high standard of environmental protection we have become accustomed to will continue to be the standard in the future with Bruce Power.

The continued involvement of CNSC as a regulator and licensor of both Bruce Power and as a producer and OPG as a storage service provider gives our communities the same level of comfort environmentally as is currently in place.

Any concerns about the change from public to private sector operation that we may have had regarding corporate citizenship and community responsibility have proven to be unfounded. Bruce Power has been most cooperative.
in providing transparent information on a timely basis throughout our municipality.

They are committed to becoming an important part of our community and fostering a long-term relationship where they are the stewards of BNPD, not the pillagers of Bruce County.

The commitment of $30-million to examine the potential rehab' of Bruce A is a considerable investment in developing that long-term relationship and to maximize employment opportunities for our youth.

The last major community concern is the willingness of any operator to deal with the existing work force in a fair and compassionate manner.

These are the residents of our communities, with many of them having 20, 30 or more years of service to the BNPD. Bruce Power recognized the valuable asset represented by the experienced CANDU trained work force on site and has dealt with them in a manner commensurate with the individual needs of the employees. We commend them for this approach and applaud them for recognizing an immediate need to hire new employees.
In closing, we believe that Bruce Power will be a valuable addition to our communities and strongly support their application for licences to operate Bruce A and Bruce B Nuclear Generating Stations.

THE CHAIRPERSON: Thank you very much.

The floor is now open for questions from the Commission Members.

Thank you very much.

We will now be taking a 15-minute break. It is three o'clock. At 3:15 exactly we'll be back here and start again. Thank you very much.

--- Recess taken at 3:00 p.m.

--- On resuming at 3:15 p.m.

THE CHAIRPERSON: Thank you, ladies and gentlemen.

We are now going to go to the oral presentation by Great Lakes United. This is outlined in CMD Document 01-H6.7 and Ms Wooster.

Thank you very much.

01-H6.7

Oral Presentation by Great Lakes United
MS WOOSTER: Thank you very much.

I'm going to read our testimony.

Great Lakes United is an international coalition of over 170 environmental and community groups, labour Unions and sports organizations from Canada, the United States and First Nation Territories. We represent tens of thousands of individuals around the Great Lakes.

We were founded in 1982 and were dedicated to protecting and conserving the Great Lakes/St. Lawrence River ecosystem.

My name is Margaret Wooster and I'm the Executive Director.

We have been briefed by one of our board members of the relicensing application of Bruce Power to operate the reactors of the Bruce Nuclear Power Development which will be dealt with at this Hearing today. We are writing today to strongly urge, and I'm speaking today, to strongly urge the Commission to defer this decision until Bruce Power has undergone a full and independent Environmental Assessment.

Having been involved in previous licensing hearings before the Atomic Energy Control Board and now the CNSC, we hope that you
will receive our testimony with due regard.

The applicant, being a new entity
in Canada, and not having any experience operating
heavy water reactors like the CANDU version, can
in no way be assessed regarding its competency to
safely operate this huge Nuclear Generating Plant,
the largest in the world.

Even though most of the present
operating staff will be carrying on their duties
under the proposed entity in the short term, it is
the business environment in a competitive market
system that will govern every decision of the new
leadership.

The business conduct of Bruce
Power's parent company, British Energy, has been
harshly criticized by the Nuclear Installation
Inspectorate, the United Kingdom nuclear
regulatory body. In its 1999 report the NII
warned that British Energy had cut essential
safety-related staff to the point where safety
could become compromised, that the remaining staff
was working far too much overtime and that British
Energy had developed an over reliance on outside
contractors who were not always familiar with the
reactors they were working on.
Problems throughout the company's nuclear fleet resulted in drastic declines in their share values prompting the Dow Jones stock index to drop British Energy from its listed premium stocks.

In CMD 01-H6 we find under 3.6.2 financial qualifications that the Canadian Nuclear Safety Commission staff has checked the financial status of British Energy and Cameco and determined that:

"They are currently capable of fulfilling the provisions of the letters of financial guarantee to Bruce Power."

They continue in the next paragraph:

"CNSC staff is of the opinion that the letters of financial guarantee provide an adequate amount of operational financial assurance at the present time."

These are serious limitations, and in light of the substantial commitment made by Bruce Power to complete large safety projects like
OPG's environmental qualification program, we seriously question their financial capacity.

In their lease agreement Bruce Power is required to operate the facilities in accordance with "good utility practices." In the definition it states that the "prudent" nuclear operator is required to make decisions in practices, methods or activities to accomplish desired results "at a reasonable cost consistent with good business practices, reliability, safety, expedition and applicable law."

The statement appears to prioritize the cost factor and place safety, not in any way defined, well down the line to insignificance; whereas the public good requires just the opposite, operating nuclear reactors with a need to have public safety placed above everything else since any accident would have devastating consequences that cannot be mitigated.

In numerous important operating issues we read the assurance that CNSC staff will closely monitor and conduct audits and assessments of Bruce Power performance.

We question the capability of CNSC to perform the intended supervision, as the
Auditor General of Canada in his report released December 20th, 2000 points to the under-staffing in the regulatory department. In 27.34 he states: "The present vacancy rate and the lengthy periods of vacancies in technical positions have a significant impact, in our view, on the CNSC's ability to effectively inspect and regulate the nuclear industry despite the management's efforts to reduce that impact."

This clearly shows the biggest problem in allowing an unqualified applicant to operate nuclear reactors in a competitive business climate without sufficient CNSC supervisory capacity.

All these listed concerns should be serious enough to cause the Commission to invoke the NSC Act where, in Subsection 24(4) it has the power to deny the issuance of a licence, as it reads: "No licence may be issued, reviewed, amended or replaced
unless, in the opinion of the Commission, the applicant
'(a) is qualified to carry on the activity that the licence
will authorize the licensee to carry on; and (b) will in carrying on that activity make adequate provision for the protection of the environment, the health and safety of persons and the maintenance of national security and measures required to implement international obligations to which Canada has agreed."

We strongly urge the Commission to withhold issuance of an operating licence to Bruce Power subject to a full independent environmental assessment.

Too many issues remain unresolved concerning the potential risks posed by Bruce A and Bruce B to the health and safety of the public, to Great Lakes waters and wildlife and to Canada's international obligations under the
Boundary Waters Treaty and the Great Lakes Water Quality Agreement.

We are sending this delegate, and that is me, to make this presentation today. I respectfully submit this on behalf of Great Lakes United, our Board of Directors and our 170 member organizations.

Thank you.

THE CHAIRPERSON: Thank you. The floor is now open for questions from the Commission Members.

Ms MacLachlan.

MEMBER MacLACHLAN: Thank you for your presentation.

On page 2 of your presentation you state "problems," and you're referring here to British Energy:

"Problems throughout the company's nuclear fleet resulted in drastic declines in their share values prompting the Dow Jones stock index to drop BE from its listed premium stocks."

Could you provide us with details,
please, behind that statement?

MS WOOSTER: I'm going to defer here to my Board member Ziggy Kleinau.

MR. KLEINAU: Yes. Again we have connection to the World Information Service on Energy and they send out monthly bulletins actually, bi-weekly bulletins, and this was taken from their information, World Information Service on Energy, and they're giving this information out to their members.

MEMBER MacLACHLAN: Could you give us the time-frame and do you have any details?

MR. KLEINAU: I will supply it to the Board, I haven't got it with me but I definitely will make that commitment.

MEMBER MacLACHLAN: Okay. And if I may, Madam Chair?

THE CHAIRPERSON: Sorry, Ms MacLachlan, I think perhaps it would be appropriate to have Dr. Jeffrey speak to that point.

MEMBER MacLACHLAN: I was just going to ask that.

THE CHAIRPERSON: Oh, sorry.

Then I would ask for British
Energy to comment on that quote in this submission.

MR. JEFFREY: Yes. I would provide the information from my memory but I think it's fairly accurate.

British Energy was floated at a share price of 200 pence in 1996. The share price increased to a value of about, somewhere between 600 and 700 pence as of around about 18 months ago.

The share price then fell very substantially about a year ago or with some further restructuring in the electricity market in the U.K., and reached a low of about 120 pence.

As of today the share price is around 280 pence, which compares with the 200 pence of when we were floated.

In the period from '96 until now there has been a return of value to shareholders of round about 450-million. So you have to adjust the 280 pence upwards to something in excess of 300 pence.

I will provide a note of that information if you would like it.

MEMBER MacLACHLAN: Thank you. I
just wanted that in context and to hear from both parties.

And then I would also ask, in your submission you recommend that a full environmental assessment review take place.

I assume that your recommendation is also making reference to CEAA and I was wondering if you saw any particular clauses in CEAA that would be triggered, what provisions, what kind of framework are you making this recommendation pursuant to? Can you help me with that?

MR. KLEINAU: I would like to give you that information post-hearing wise because, as I said, I haven't got full provisions of the CEAA here and I certainly will cooperate in that regard and will send that out as soon as possible.

MS MacLACHLAN: That's fine, thank you. I didn't realize when I read these submissions that you, as an individual, were linked to both organizations.

MR. KLEINAU: Well, I'm a board member. I am with the Nuclear Great Lakes Task Force which is one of the four task forces that Great Lakes United operates and so quite a bit of
the information does come through to my status as
a member on the nuclear --

MEMBER MacLACHLAN: Thank you.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: The question I
have is to Bruce Power, British Energy. Is it
correct then that you have been dropped from the
listing -- not dropped from the listing, but from
the premium stock listings?

MR. JEFFREY: The Dow Jones one I
can't quote, unless David knows. We have -- we
started our life not in the FTSE 100, which is the
U.K. equivalent.

MEMBER GRAHAM: Yes.

MR. JEFFREY: We moved up to be
within the FTSE 100, but then when our share price
fell at the same time as the dot-coms became
extremely fashionable, we fell out of the FTSE 100
and today we're sort of 120 or something like
that.

MEMBER GRAHAM: Another question I
have for Great Lakes United. You talk about, I
believe it's 170 members, I believe that's
organizations not 170 members. How many First
Nations do you have and are any of them here
today?

MS WOOSTER: There's nobody here today. Maria Mabe, who is a First Nations staff person on our staff I believe was at the last hearing.

MEMER GRAHAM: Yes.

MS WOOSTER: And we have, I don't actually know, five or six First Nations groups that are members of Great Lakes United including the Indigenous Environmental Network which represents hundreds of groups around the Great Lakes. Hodnisoni(ph) Environmental Task Force, the Assembly of First Nations are all members, and we have two First Nations board members of the 24 board members.

MEMBER GRAHAM: But are there any First Nations members from this area, from the Bruce area?

MS WOOSTER: Yes.

MEMBER GRAHAM: Which First Nations are members from this area?

MS WOOSTER: Well, I think all of the members that are members of either Assembly of First Nations or Indigenous Environmental Network that are members of Great Lakes United...
MR. GRAHAM: No, no, not -- just because they're members of the Assembly of First Nations, I don't mean that automatically makes them a member. I'm just saying how many are actual members in this area of First Nations?

MS WOOSTER: Are you talking about like individual people or --

MEMBER GRAHAM: No, individual First Nations.

MS WOOSTER: Or groups?

MEMBER GRAHAM: I'm saying, I don't want you just to claim that because they belong to the Assembly of First Nations they're automatically a member. I want to know are there members here from this immediate area, First Nations?

Put it this way: Do all the First Nations in the immediate area of Bruce, are they members of Great Lakes United?

MS WOOSTER: No.

MEMBER GRAHAM: Okay, thank you.

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: Thank you. I would like to explore further the reference to the performance of British Energy because we have
heard the argument from Bruce Power that they have experience and know-how and they are able to manage the Bruce complex here.

Great Lakes states in their first paragraph on the second page two things: That they had developed an over-reliance on outside contractors who are not familiar with the reactors they were working on for one thing; and then you also state that the decline in share values was due to the problems throughout their nuclear fleet.

I would like you to address this and comment. Do you accept this statement or are you contrary?

MR. JEFFREY: I don't believe the statement to be accurate. The first part of it comments on the NII Audit Report that I outlined this morning. I said that we had arrangements in place with contractors. The NII had got concerns about the use of contractors. We have accepted their comments. I do believe the arrangements which we had in place were safely supporting the operation of the power stations, and the NII Chief Inspector at the time said that there was no immediate challenge to the safety of the operating
stations.

His concern was, as I said this morning, that with contractors potentially ceasing to trade and change of ownership that that might not be available in the longer term.

But we have taken those comments from the NII Audit and, as I said, we have changed our policy with respect to contractors.

With respect to the relationship between the NII report and our share price, I do not believe there's a connection. The connection, as I said a few moments ago, was the introduction of the changes and the way in which the electricity markets operate in the United Kingdom.

These new arrangements were fully brought into operation on the 27th of March and our share price has substantially recovered over the past 12 months and, as I said, today stands at round about 280 pence.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Dr. Carty.

MEMBER CARTY: Just one question.

About the second last paragraph on page 2 of your letter which refers to the supervisory capacity of CNSC staff, and the question is: In the Auditor
General's report of 2000 - this is a question, Madam President, of staff - were any of the comments specifically targeted to supervisory capacity at the Bruce facility?

MR. BLYTH: Jim Blyth. No, I don't believe any of those comments of the Auditor General were that specific.

MEMBER CARTY: Thank you.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: A further question to CNSC staff. Has there been a financial analysis done of British Energy's stock and of the company and its ability to carry on the massive expansions that it has in the last couple of years? Has there been an analysis done of its capability of taking over the Bruce plant?

MR. ELDER: No, we have not done an analysis of their stock or their overall financial obligations. We concentrated on the qualification of Bruce Power who actually is the Applicant in this case.

THE CHAIRPERSON: Yes?

MS WOOSTER: I would like to ask if you can tell me how many supervisory staff there are?
MR. JEFFREY: On Bruce?

MS WOOSTER: Yes, on Bruce.

THE CHAIRPERSON: We did actually discuss this morning how many staff were at the Bruce area, but I will ask CNSC staff to repeat that.

MR. BLYTH: We have seven full-time staff in our Bruce office.

THE CHAIRPERSON: And the supervisor is...?

MR. BLYTH: And the supervisor is Mr. Jim Douglas.

THE CHAIRPERSON: Has that changed at all over a period of time?

MR. BLYTH: I'll let Mr. Douglas address that.

MR. DOUGLAS: It's been fairly stable for the last year and a half to two years. It's been fairly stable for the last year and a half to two years. It fluctuates maybe one or two people but not much more than that. And right at the moment we have a full complement. In fact, we usually work on the rule of thumb of being one project officer per operating reactor and we've got four operating

StenoTran
reactors at the moment, six people and me as
supervisor.

MS WOOSTER: So one supervisory
staff? Is that what he's saying?

THE CHAIRPERSON: Thank you.

Thank you very much for your presentation.

We'll now move to the oral
presentation by the Canadian Nuclear Workers
Council and Grey-Bruce Labour Council as outlined
in CMD Document 01-H6.9, and I believe Mr.
McCaffrey is with us today.

01-H6.9

Oral Presentation by Canadian Nuclear Workers
Council and Grey-Bruce Labour Council

MR. LYLE: Thank you, Madam Chair,
Members of the Commission. Jeff Lyle is my name.

THE CHAIRPERSON: Okay.

MR. LYLE: Anyway, I'm here on
behalf of the Canadian Nuclear Worker Council of
which I am a Board Member.

I would like to make some brief
comments to support the transfer of the operating
licence from the nuclear facilities the Bruce to
the company known as Bruce Power.
I'm joined today on my left by Mr. David Trumble, President of the Grey-Bruce Labour Council who will present the views of local labour organizations.

The Canadian Nuclear Worker Council was founded in 1993 as an umbrella organization of workers from all facets of the Canadian Nuclear Industry who are represented by Unions or worker associations. The purpose of the council and the list of our member organizations are attached on Appendix 1.

The purpose of our member organizations of the Grey-Bruce Labour Council are attached as Appendix 2.

Members of the Commission, thank you for this opportunity to come before you and present the views of nuclear workers from many organizations across the country as well as those of the Grey-Bruce District Labour Council. We will try to avoid duplicating those issues addressed in previous presentations and concentrate instead on the national view of the Canadian nuclear worker and international nuclear worker's perspective and the view of local labour organizations.
In the view of Canadian nuclear workers, the transfer of the nuclear licence from Ontario Power Generation to Bruce Power rests largely on three main elements. One is the contribution of nuclear energy to Ontario and Canada's electricity supply; two, is the fitness of Bruce Power as the Owner and operator of nuclear power facilities; and three, the continuing of employment opportunities in the Grey-Bruce Region. The representative of the local labour council will address point three and I will address the others.

Mr. Trumble will speak first on the local labour perspective.

MR. TRUMBLE: Thank you, Jeff, and thank you Madam Chair and Commissioners.

I will just introduce myself. I'm Dave Trumble. I'm currently President of the Grey-Bruce Labour Council. I have been President of the Council for the last six years. I have also been on the executive of the Council since 1989.

In addition, I also sit as a Labour Director on the Bruce-Grey, Huron-Perth, Georgian Triangle local training board.

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The Grey-Bruce Labour Council through our education committee has been very active informing people in communities throughout the region about the opportunities that Bruce Power represents for the region. Bruce Power's involvement in local communities to date is also extremely encouraging. The Labour Council has been involved directly with Bruce Power in some community activities where we have been able to observe the company first-hand in the communities. Our judgment is that Bruce Power exhibits a strong sense of good corporate citizenship.

In regards to local employment, the Grey-Bruce Labour Council has a long history of involvement in labour adjustment training and labour market-needs analysis in our region. Our activities in these matters are managed through our participation with Bruce-Grey, Huron-Perth, Georgian Triangle Training Board. Two of our delegates to the Labour Council actually sit on the Executive.

To date Bruce Power has expressed to our Council and to the Training Board a desire to staff its work force as required with local talent. The company's Executive Vice-President
for Human Resources has met with representatives of both the Council and the Training Board to review labour market information and has indicated a strong desire to work pro-actively with both to establish procedures for local hiring. Continuity of business and employment activities can only be seen as vital in a region that is not blessed with an abundance of well-paid employment opportunities. Of particular interest to the District Labour Council is the prospect that Bruce Power will hire 50 apprentices each year for the next 20 years. We are all too aware of the familiar story of young people being forced to leave smaller regional centres like the Grey-Bruce area to find employment in larger urban centres. The loss of population can be disruptive to families and communities, and the loss of technical expertise is often irreplaceable. The successful transfer of the licence to Bruce Power will help prevent the drain of young people from our region and make an important contribution towards keeping our communities vital and thriving. A strong sense of good corporate citizenship, meaningful jobs for the local work
force and a demonstrated willingness to work with community groups are strong and compelling reasons for the Grey-Bruce Labour Council to support the licence application by Bruce Power and we are pleased to do so.

MR. LYLE: Members of the Commission, you will hear in other submissions adequate testimony on the record about the performance of Bruce Power's major partner British Energy in managing and running nuclear plants. The company has carved out a very productive business for itself by purchasing nuclear plants, some of which were seen as failing operations and turning them into profitable enterprises.

In our view the company's long experience in nuclear operations amply demonstrates that it possesses the technical and managerial expertise to operate the Bruce plants at the level of safety and excellence required in our Canadian setting.

As you've heard in past presentations to the Commission, the Canadian Nuclear Worker Council is a member of the World Council of Nuclear Workers. Among the benefits of our association with that body is the opportunity
it offers us to link with nuclear workers in other
countries and exchange information on everything
from nuclear health and safety issues to work
methods and practices used.

Of significance for this Hearing
is a perspective we bring from our colleagues who
work in British Energy's operation in the U.K.
Our counterparts in Britain have sent the
following remarks to me which I'm pleased to place
on the record here, and they will be identified as
Appendix 3 as our attachment.

I guess due to the time I'm going
to omit Section 6. In conclusion, the Bruce
Nuclear Power facility represents a tremendous
opportunity for economic and social continuity in
the Grey-Bruce Region. It also represents a major
contribution to Ontario's energy supply and to our
environmental well being.

Members of the Commission, from
what you would have heard in our remarks here and
in the other presentations, we trust you will
agree with our confident belief that there is no
serious impediment to the transfer of the
operating licence from Ontario Power Generation to
Bruce Power.
Thank you.

THE CHAIRPERSON: Thank you very much.

The floor is now open for questions from the Commission Members.

Thank you very much.

We will now move to the oral presentation by the Society of Energy Professionals as outlined in CMD Document 01-H6.10, and I believe the President is with us today.

01-H6.10

Oral Presentation by the Society of Energy Professionals

MR. THROOP: Madam President, Members of CNSC, Commission staff and fellow intervenor representatives, my name is Colin Throop and I am the President of The Society of Energy Professionals.

With me here today are Mr. Rod Sheppard, Mr. John Hebb, and Mr. Bob Wells, who are three society Unit Directors here on Bruce Site.

We welcome the opportunity to
appear before you on this second day of public hearing as Intervenors showing support to Bruce Power Incorporated's application for licences to operate Bruce A and B Nuclear Generating Stations.

The Society of Energy Professionals represents some 6,000 employees from the corporations which have been created and continue to be created out of the old Ontario Hydro organization, as well as Professional Engineers at Toronto Hydro.

Our members are employed as supervisors, professional engineers, scientists and other professional and administrative and associated staff. I'm pleased to attest to their professionalism, integrity and commitment to excellence and performance in all areas, particularly environmental health and safety.

Subject to the granting of these licences and financial close of the lease agreement between Bruce Power and Ontario Power Generation, approximately 700 of these representative employees from OPG will be transferred to and become Bruce Power employees here at the Bruce Site. As well, under a two-year service agreement between OPG and Bruce Power a
few representative employees will be located at a satellite office in Toronto working alongside OPG employees.  

Other service agreements with OPG include many of our highly specialized technical representative members who belong to the nuclear operation support services organization of OPG.  

The Society's mission is to strive to ensure the best rewards, career opportunities and working conditions for its members.  

Recognizing that our member successes are closely tied to the employer successes, we have always pursued a cooperative, collegial relationship with our employers. We believe that we are in the forefront of those enlightened Unions and employers that are developing less confrontational, more productive ways of coping with both our mutual and different interests.  

We have been working cooperatively this past year with both Bruce Power and OPG in order to ensure a seamless transaction and financial close. We consider the nurturing of this relationship to be a high priority mission both for the success of the employer and our members.
We also want to ensure that environmental security and workplace health and safety are enhanced and strengthened in the move towards competition.

We are extremely pleased that OPG chose British Energy and Bruce Power's proposal to lease the Bruce Station as we are aware of their established reputation and values around achievement through people, safety first, profit through progress, openness, respect and recognition and professional and personal integrity.

Relative to the Memorandum of Understanding, we have in place with OPG a collective agreement for a three-year term 2001 to 2003 inclusive. In addition to the Memorandum of Understanding that has been developed between the Society and Bruce Power, the three-year agreement rolls over to Bruce Power.

Under the terms Bruce Power has agreed to assume all of the obligations of that collective agreement subject to those amendments that are set out in the Memorandum of Understanding. The Memorandum of Understanding was ratified by over 90 per cent of our Bruce Site
membership reflecting our labour stability and the desire and commitment of both parties to establish a positive, mutually beneficial relationship.

This initial experience is our first step in being open with each other in order that we may understand each other and our journey towards mutual respect and trust.

I would like to add that the Memorandum of Understanding is independent of the equity arrangement with Bruce Power Incorporated for both ourselves and the PWU. The equity understandings are for the life of the operating plant.

Relative to the joint working team, the joint working party is constituted to serve as joint forum for both Bruce Power Management and the Society's elected officials to discuss and progress any labour relations matters. This current working forum is off to a good start, initially focusing its attention on the implementation of the Memorandum of Understanding, but has since expanded its mandate to include solving our collective agreement matters in order to support the business. There is a genuine commitment to worker involvement and win/win
Relative to the independent review panel, the independent review panel was established jointly by the Commission in its configuration as AECB and Ontario Hydro Nuclear in June, 1999 to review the state of labour management relations and to assess their impact on both safety of operations of nuclear facilities and on implementation of Hydro's nuclear recovery plan. The report in part indicated that the labour relations environment was sour and some significant employee morale problems existed. We can now confidentially say that our new management leaders have displayed a style of very positive and inclusive labour philosophy which specializes in an interspaced versus an adversarial based approach to dispute resolution. This labour management relationship is seen by our membership as being a quite positive sieve at this early stage.

Relative to safety culture, our representative employees feel that the Bruce Site is a safe place to work but improvements are warranted and always welcome. We also know that most profitable plants are also the safest plants.
The safety and health of our members, their families and their communities along with the protection of the environment are some of our members' top priorities.

Relative to the international safety rating system, the International Safety Rating System is not an accident prevention system but recognized internationally as a loss control process. It is a tool to assist us in preventing losses which contribute to an increase in performance and production, thereby resulting ultimately in a new safety culture on site.

OPG and Bruce Power have jointly sponsored implementation of the International Safety Rating System for the Bruce Site. It has been decided to set a goal of achieving a five out of a possible 10 on the International Safety Rating System by the end of the first quarter of 2002. This target has jump-started our members' involvement in working towards implementation, implementing the necessary performance improvements at Bruce B so that Bruce A restart can be considered.

We fully support the elements that have been initiated to date and look forward to
further expansion of the program.

We currently have members on each element team and I expect to have more as the program expands. We look forward to the day that the program is part of the fabric of day-to-day work processes.

Relative to succession planning, Bruce Power has committed itself to making a substantial investment in the recruitment of young people and the ongoing training of current staff to ensure that there is a pool of skilled employees available. In our view if we all succeed in achieving the goals that we have set out for ourselves, the Bruce Site will become a very attractive and desirable workplace.

Relative to tripartite relationships, we have demonstrated our commitment and involvement in working together towards a safe, positive, productive and harmonious workplace among the Society, Bruce Power and the Power Workers by actively participating in forums, for instance the Bruce Improvement Group which has now been integrated into the BOLT, the Bruce Operational Leadership Team and the International Safety Rating System and the Bruce Improvement
Program and Joint Working Party and communication teams and the CNSC Human Factors Presentation and Equity Partnership.

We are working on the premise of negotiation on a mutual interest bargaining basis. Both Union and management want worker engagement and we are looking forward to working together on future initiatives such as single table negotiations.

In closing, the local Union leaders are very confident in the senior leadership of Bruce Power. They are confident that the future prospects for a safe, reliable, competent and progressive operation of our Bruce station looks better now than they have for quite some time. We believe that our respective leaders continue to gain experience from working together, and the anticipated culture and associated behaviours will continue to adapt in order to meet the challenges of a competitive marketplace. We are on the road to success and meeting the desired results.

The Society is therefore fully and actively supporting the Bruce Power licence application.
THE CHAIRPERSON: Thank you very much.

The floor is now open for questions from the Commission Members.

Dr. Carty?

MEMBER CARTY: No, I don't.

THE CHAIRPERSON: No, you don't.

Dr. Barnes.

MEMBER BARNES: I notice on page 4 where you mentioned setting a goal of achieving a five out of a possible 10 on the International Safety Rating System. Where are you at the present time?

MR. THROOP: In first evaluation, as was stated by Duncan this morning, we have undertaken nine elements of the 20 element scale, so in terms of our best possible at this point in time, given that we have not undertaken all 20 elements, the best we could possibly do would be the five, and as we grow with experience on implementing the elements of that we will grow towards the 20 and certainly target towards the full program as it's defined.

MEMBER BARNES: Okay.

THE CHAIRPERSON: Dr. Giroux.
MEMBER GIROUX: Thank you. I have commented earlier with the Power Workers Union about the significance of the relationship being presented to us and this applies to the Society. Am I correct in assuming that the MOU is in place for the duration of your collective agreement?

MR. THROOP: It is.

MEMBER GIROUX: Which covers this licence which is applied for?

MR. THROOP: That is correct. And we have a three-year agreement which runs to December, 2003 and we have every expectation to renew the MOU at that point in time or incorporate it into our collective renewal.

MEMBER GIROUX: Thank you. And does it contain about the same clauses as the one with the Power Workers' Union like labour peace and no distractions and -- I think that is the wording.

MR. THROOP: I think those are the basic ones, and I'll direct it to Mr. Sheppard here as a member of the joint working party.

MR. SHEPPARD: Yes. Most of the articles in the Memorandum of Understanding are
somewhat similar and yes, we have -- sorry, mediation and arbitration in our collective agreement as it is, so that carries on into the new period of the contract.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Thank you very much for your presentation.

We will now move to the oral presentation by the Integrated Energy Development Corporation as outlined in CMD Document 01-H6.11, and I believe that the Chairman, Mr. MacGregor is with us.

MR. MacGREGOR: Yes, thank you.

I just would like to note that it isn't clear from the CMD Document the background of the corporation, so if you wouldn't mind outlining that, if you intended to do that that it would be great.

01-H6.11

Oral Presentation by Integrated Energy Development Corp.

MR. MacGREGOR: Sure. Integrated Energy Development Corp is a private Ontario company primarily engaged in developing enhanced
activities around nuclear power plants. We believe that through co-generation and off-peak uses of non-carbon based electricity there can be a whole paradigm shift towards sustainable development through sustainable energy development.

We are privately funded. We are a private company. We've been at the Bruce Energy Centre for a long time, since its origin, and we work away at trying to diversify the friendly atom.

THE CHAIRPERSON: Thank you very much. You can start your presentation now, thank you.

MR. MacGREGOR: Thank you. If I may, there have has been a number of events that have occurred recently and I would like to deviate slightly from my written executive summary. I have copies of that, if the Commission Members and yourself would like to have them.

THE CHAIRPERSON: Certainly, we'd like you to do that, but I would ask you to respect the 10-minute limit.

MR. MacGREGOR: Yes, I will.

As a strong proponent of nuclear
energy, Integrated Energy Development Corp is pleased to support Bruce Power Inc.'s application for licences to operate Bruce Nuclear Generation Stations A and B.

This is where the deviation comes in. From a safety and regulatory perspective, there is no greater safety issue facing human kind than the preservation of an appropriately balanced atmosphere, and any rational thinking person now knows that the earth's delicately balanced atmosphere is seriously threatened with carbon dioxide emitted from burning high-carbon content fossil fuels. In this regard I am grateful for the opportunity to express my opinion on the environmental relevance of nuclear energy and the prospect of broadening its role in response to sustainable economic development and climate change.

As I concluded in the executive summary portion of my March 20th written submission to the CNSC, IEDC believes that there remains a clear and present opportunity to launch the beginning of a nuclear renaissance at Bruce Nuclear. IEDC contends that the business
culture inherent in energy companies structured
similar to Bruce Power Inc. will, should they
decide to make it their business, successfully
exploit this opportunity.

However, since submitting my March 20th, 2001 rationale for supporting Bruce Power Inc.'s licence application, the cluster of energy-intensive industry situated at the Bruce Energy Centre has learned that nuclear-derived process steam will never again be made available to the Bruce Energy Centre regardless of its 12-year history of supply from the Bruce Generating Station A.

Bruce Energy Centre industry has also learned that access to nuclear-derived electricity by directly connecting the Bruce Energy Centre into the generation facilities at Bruce Nuclear will not be accommodated.

Even though a current KPMG report developed in conjunction with Acres International confirms that accessing both energy mediums at Bruce Energy is technically viable, OPG and Bruce Power have stated safety and regulatory issues now prohibit the provision of nuclear-derived steam and direct access to electricity to the Bruce
Energy Centre from Bruce nuclear on which the Bruce Energy Centre was originally premised. Compounding the Bruce Energy Centre dilemma, IEDC's recent initiative to develop a natural gas fueled combined cycle cogen facility to help mitigate the nuclear asset optimization plan impact failed to materialize primarily because OPG would not provide access for the facility to be situated at the shutdown Bruce Heavy Water Plant site which is outside the nuclear exclusion zone for both Bruce Generating Stations A and B. Even though the Bruce co-generation could have underpinned the Bruce Energy Centre while complimenting Bruce Nuclear and help support the provision of a large, natural gas infrastructure to the area, it now appears that Ontario Hydro's often touted promise of sustainable development and co-generation occurring at the Bruce Energy Centre, in conjunction with Bruce Nuclear, could fail to materialize. Clearly, the practice of nuclear-based co-generation together with the production of hydrogen and oxygen from water using

StenoTran
nuclear-based electricity is certain to develop somewhere early in the 21st century in response to climate change.

In this regard, the IEDC regrets that the important environmental activity cannot be initiated in the Bruce where CANDU technology was given its commercial birth and where the Bruce Energy Centre has offered so much promise.

Therefore - and this is way outside my mandate but I beg your indulgence - IEDC respectfully requests a rational explanation from the CNSC as to why nuclear-based processed steam, either by means of turbine extraction or primary steam through an appropriate re-boiler system, cannot be returned to industrial use at the Bruce Energy Centre.

As well, since the origin of all electricity transported out of Bruce Nuclear on route to Western Ontario was generated at Bruce Nuclear, IEDC respectfully requests a rational explanation as to why a direct delivery of nuclear-based electricity cannot be provided to the Bruce Energy Centre to qualify the Bruce Energy Centre industry as an embedded generator load.
THE CHAIRPERSON: Thank you for your presentation.

The Members of the Commission have a copy of the presentation.

I would just remind you of the purpose of the Hearing, and I just remind you that the Hearing is with regards to the Bruce Power Inc.'s applications for licences to operate Bruce A and B Nuclear Generating Stations.

MR. MacGREGOR: I appreciate that.

THE CHAIRPERSON: So our mandate and the issues to be discussed at the Commission Hearing today are restricted to those areas specifically.

There may - and I repeat 'may' because I may be ruling on this sooner than later - there may be an area that does touch us and that's with regards to your statement, the last paragraph and I quote:

"OPG and Bruce Power Inc. have stated safety and regulatory issues are prohibiting the provision of nuclear-derived processed steam and direct access to
electricity to the BEC from Bruce Nuclear on which the 
BEC was originally premised."

So that may be the narrow area of the view of the Safety Commission. In that vein, I would like to turn to the Commission staff for any comments on that.

MR. BLYTH: Jim Blyth.

Unfortunately we are not in a position to comment. We've never seen the proposal, either in Ottawa or in the site office.

THE CHAIRPERSON: Perhaps Mr. MacGregor then you might give some details as to what exactly are the safety and regulatory issues?

MR. MacGREGOR: I don't know.

THE CHAIRPERSON: What are they based on?

MR. MacGREGOR: I really don't know what they would be because we have had for 12 years a supply of nuclear steam that went through the boiler system and then through a re-boiler system that energized the industry at the Bruce Energy Centre for 12 years.

We are now on a fossil-based source of energy since Bruce Generating Station A
was laid up.

So it was there. I don't know why it wouldn't be again there.

With regard to the electricity component it's nothing more than a special connection that would afford a unique opportunity to wrap a major energy-intensive industrial base around the friendly atom.

So I have no understanding, no comprehension as to why there would be a safety issue or a regulatory issue.

THE CHAIRPERSON: Okay. I'm going to just allow a little bit more elaboration of this by Bruce Power, realizing that I may be ruling that this is not pertinent to the Hearing today.

But would you care to comment, Dr. Jeffrey?

MR. JEFFREY: I will set the background and Duncan will follow with some of the technical issues and we will attempt to keep it very brief.

We have committed to continue to supply steam through the boiler that was described earlier through the oil-fired boiler in perpetuity.
of our tenancy at the Bruce Power. We have said that we will provide that steam at cost. We will not, as a company, seek to make any profit out of that operation.

Mr. MacGregor has referred to the practices which existed up until the shutdown of Bruce A to supply nuclear steam directly from the plant to the Energy Centre. In the very top level look that we have had regarding this, we believe that that could be a conflict with good, modern, safety practices and Duncan will amplify on that in a minute.

With respect to the electricity, our licence is to supply electricity into the Hydro One substation. It is not part of our licensing to supply electricity directly to industrial customers and, again, we think tapping, from a superficial view or a preliminary view, we believe that tapping into the station electricity supply system upstream of the Hydro One transformers would be prejudicial to the safer operation of the plant.

Duncan, would you care to elaborate on that?

MR. HAWTHORNE: Yes. If I can
say, Madam Chair, we're tremendously sympathetic to the views of the Energy Centre. We took the report that was commissioned by KPMG as being a technical evaluation. We provided help and support to the creation of that piece of work. And really there's two or three key issues which are fundamental to this discussion.

One is that when the situation existed where Bruce A operated there was an excess of nuclear steam because the steam generating capability of the steam generators was greater than that required to power the turbines, so excess steam existed there. And a very innovative approach was developed through a re-boiling situation direct steam, this excess steam in an indirect coupled manner to the Energy Centre.

Two situations have changed since then in terms of nuclear steam. One is that even with the restart of Units 3 or 4 there is no longer an excess steam capability.

The second thing is that since the Bruce A has shut down, the Commission is well aware that there has been a significant amount of environmental qualification work ongoing on all of the nuclear fleets, in fact, to maintain the
integrity and the barriers between various systems.

The KPMG report as it currently is produced would suggest that in the absence of any impediment, if you like, any safety impediment, the proposal would be that we would couple all of the steam lines from all of the reactors together to ensure that regardless of which unit was on outage there was a consistent steam supply.

We believe from our own evaluation - we have not asked CNSC staff - from our own evaluation of how that sort of coupled configuration could compromise the very costly and comprehensive EQ programs we are conducting on the site, we see those things to be in direct conflict.

The potential exists because of the pressure differentials, et cetera, through the re-boiling that under a boiler tube leak scenario from any of the reactors we could end up with tracheated steam being delivered off-site and, clearly, that would compromise our safety barrier. So that was our initial view with respect to the steam option.

In addition to that, as I said
initially, there is no excess steam from Bruce B either and so any steam diverted would be to the detriment of the turbine efficiency.

The matter of electrical supply, the same sort of issue here. In order to provide a tee-off - forgetting Robin's comment about wholesale and retail - the technical manner, an evaluation was conducted to consider when it may be possible to tee-off from the station electrical supplies.

There are many safety case constraints about Class 4 power and the reliability of nuclear systems. In order to suggest a manner by which we could tee-off from those supplies, we would have to warrant and guarantee all of the electrical supply systems that are hanging off that and that would include everything at the Energy Centre to be nuclear grade. Clearly, again, there would be an enormous safety case implication and, you know, we, from our only initial overview of this, we see that as a potential conflict with the overall reliability demands of the electrical supply systems for the site.

Just to reiterate what Robin said,
we did however, in the same way we have treated
our employees here, we have sought to ensure a
seamless transition and all of the contracts, all
of the services provided to all of the off-site
communities are guaranteed by Bruce Power as a
seamless transition as part of this process.

MR. JEFFREY: And finally, we are
very sympathetic, we have been working with groups
of people here. I have offered to Mayor Kraemer
of Kincardine that I would be entirely willing to
join with him in the presentation to the
provincial Minister of Energy or the provincial
Minister of Finance, if it is public policy in
Ontario, to look for provincial subsidies in order
to ensure the ongoing viability of these units.

THE CHAIRPERSON: Realizing that
the safety of Bruce Power under our Act, that it
is really the company's responsibility to have a
safety culture and a safety program that is above
and beyond really what is required by the
Commission, I just think that that's important to
recognize that.

Just one more point on this line
of questioning. CNSC staff, do you have any
comments on Bruce Power, just with regards to
safety?

MR. BLYTH: My only comment would be that Bruce Power has primary responsibility for safety and if they feel that the safety of the plant is compromised, they should certainly not be approaching us for approvals.

THE CHAIRPERSON: In order to be expedient, I'm not going to rule on the admissibility of the questions or whatever at this time. What I would like to do is move to Commission questions with regards -- you gave us an original presentation as well, and the Commission is very interested in the relationship of Bruce Power to the community in general and we think that that is important, and so I will open the floor to questions from the Commission Members in the broad sense of the relationship with the community, et cetera, and the material in your presentation in general, but not with regards to the request that you made, okay.

MR. MacGREGOR: Thank you.

THE CHAIRPERSON: So the floor is now open for questions.

Okay, thank you very much.

MR. MacGREGOR: Thank you.
THE CHAIRPERSON: The next presentation is an oral presentation by Bruce Community Development Corporation as outlined in CMD Document 01-H6.12, and I believe that Ms Fisher is with us today.

MS FISHER: That's right.

THE CHAIRPERSON: Thank you very much for joining us and the floor is now yours.

01-H6.12

Oral Presentation by the Bruce Community Development Corporation

MS FISHER: Well, thank you very much, Madam Chair and other Commissioners, number one for coming to Kincardine to hold these Hearings.

I guess the precedent was set a few Hearings ago and I'm glad to see that you will take the time and allow so many people to be able to attend to hear these. It's very valuable for the community as well. So thank you very much.

The Bruce Community Development Corporation (known as the Bruce CDC) wishes to thank the CNSC for the opportunity to comment on Bruce Power Inc.'s operating licence application
as it relates to the Bruce Nuclear Power Development site.

My name is Barb Fisher and I am here today in the capacity as Chair of the Bruce Community Development Corporation.

I should note that through the past quarter century -- that seems like a long time -- and a few different career profiles, I have been particularly active in the South Bruce Lakeshore Area with direct experience in issues and efforts related to Ontario Hydro/Ontario Power now known, the Bruce Energy Centre (industrial park), the community and their inter-relationships.

The Bruce CDC is also a member of the South Bruce Impact Advisory Committee which made an earlier presentation today.

The Bruce CDC is a federally affiliated not-for-profit corporation governed by a volunteer Board of Directors. Industry Canada provides contribution funding through its Community Futures Program to enable the Bruce CDC to undertake activities consistent with its mandate to assist with Community Economic Development strategies.
The Bruce CDC has a fourteen-year history in initiatives including small business financing and support, strategic planning, tourism product development and efforts to enhance industrial development opportunities.

So you can see by that length of time that we have had the ups and downs and the flows with the things that have happened in and to our community as it relates to BNPD site employment. However, the CDC has always been supportive of the efforts to move forward.

The licensing request before the CNSC (if approved) represents the first private sector entrance into the nuclear generation industry in Canada and in Ontario. As such, it demands the same stringent due diligence consideration to ensure that the safety of workers, residents and communities are not jeopardized.

Bruce CDC fully endorses the past and present high safety standards to protect the interests of not only the BNPD site and its workers, but also that of the broader community and environment.

Bruce Power, as the licence
applicant, has to date demonstrated their commitment to those values that guide their relationship with the community. Since the July 11, 2000 lease announcement between OPG and Bruce Power, BPI has progressed with establishing a corporate-community presence.

Some examples of how has been achieved include:

Full briefing of municipal and community leaders in July, 2000 regarding the BNPD lease announcement as well as media briefings; the public dissemination of information packages to over 500 community stakeholders, organized two Town Hall public meetings and participated on the local "OpenLine" radio show; they launched a Bruce Power web site that provides information, articles, newsletters and corporate information; and participates in the Kincardine Economic Development Committee and maintains lines of communication with other economic development agencies.

Related to the CNSC Hearings,

Bruce Power has taken steps to highlight the CNSC process, timing and contacts.

Further, they have provided
opportunities to discuss the Bruce Power Plan with interested community members. These have included a reception for community and municipal leaders to discuss the Bruce Power Licence Application process, postcard mail-out to every household noting the CNSC Hearings and contact information; posting the Bruce Power CNSC submission on the website as well as making available to libraries a range of information and reference material pertaining to the lease agreement and the CNSC Hearing information; offers to meet with community representatives and municipalities to discuss and clarify issues; and provide direct mail to various community stakeholders regarding the upcoming CNSC Hearings.

This morning there was a question with regards to the general acceptance of the community with regards to those activities and I would like to confirm the positive response by the community in support of this transition.

In our day-to-day work we are throughout the community almost on a daily basis involved in almost every sector and subcommittee that might exist around, and I can tell you that there is very wide and broad acceptance and
support for what is happening.

Bruce Power has also participated in several community events including: United Way contribution to supply local food banks; sponsoring events with the Women's House of Bruce County and Women's Centre in Owen Sound; donating hockey apparel and assistance with fundraising related to youth hockey teams from each of Saugeen and Nawash First Nations; participating in fundraising for the Bluewater Summer Playhouse theatre; a major sponsorship in the first annual Kincardine Super Cities Walk for Multiple Sclerosis.

Based on such activities, it is evident that Bruce Power intends to continue with the local tradition established by Ontario Hydro and OPG of maintaining strong communication links with community stakeholders, as well as being an active corporate member of the community.

Bruce Power has also been direct in its discussion with municipal and community representatives regarding:

Safety - being the pinnacle priority with assurance that safety will not be compromised. An example of this is the
establishment of the Watchdog "Safety Advisory Committee" of the Bruce Power Board of Directors;

Regarding productivity - the need for continuous safety and productivity improvement and their undertaking to proceed with improvement programs initiated as part of the NAOP process;

Regarding staffing - completion of the labour/skills inventory and plans to recruit and train the next generation of nuclear workers.

As well, BPI has confirmed that they have established a strategic alliance with OPG to ensure access to needed technical expertise through transition. Given the parameters of the deregulation legislation, it is in the mutual best interest of Bruce Power and OPG to complement each other.

This, combined with Bruce Power's proven track record in transitioning nuclear plants, offers the necessary level of confidence that this challenge will be met while maintaining and exceeding safety considerations;

Organizational culture - proceeding with strategies to invest in workers thus contributing to corporate success;

And I, like some of you on the
Board Commission today, have been to many of the
hearings in the past and I'm very pleased with the
presentation made by both the Society and the
Power Workers' Union and the change that has
happened, and I think that is due largely to a lot
of work done by Bruce Power to make that
successful, and it's well recognized in the
community as well.

And regarding the recovery of
Bruce A - that upon detailed assessment and
business case development, a decision will be made
as to if recovery is financially viable.

Bruce CDC welcomes Bruce Power to
the community and has no hesitancy in endorsing
their CNSC operating licence application to
operate the Bruce A and Bruce B Nuclear Generation
Stations.

Bruce CDC anticipates that the
transfer of operating responsibilities and assets
to Bruce Power will not only return Bruce B to
world-class nuclear generation levels, but will
provide the best possible opportunity for the
re-investment of capital, including the recovery
of Bruce A units. This action would signal a
long-term commitment to the BNPD site as well as
help to stabilize the economic swings suffered over the past several years.

Further, Bruce CDC is optimistic that the transfer of decision-making to a Bruce Power corporate head office situated in the community will result in improved cooperation and pro-active participation in the industrial diversification of the South Bruce Lakeshore area.

There are inherent features and economic opportunities that are presented by virtue of being adjacent to one of the largest nuclear facilities in the world. Bruce CDC is expectant that Bruce Power will become an active and enabling partner in the industrial diversification model as proposed by Integrated Energy Development Corporation.

This model for industrial development has been well studied and articulated in several reports and presentations (most recently AGRA Earth and Environment as well as KPMG).

Integrated Energy Development Corporation (IEDC) is present today and has made submission to the CNSC. It is noted that this industrial development priority was re-affirmed in
the 1999 South Bruce Economic Diversification Strategy.

This industrial model has the support of the Municipality of Kincardine, other communities in Bruce and Grey as well as various economic development interests. Such an industrial strategy is a key component to moving beyond local economic dependency on the BNPD site for long-term community economic health and safety.

I would like to take a few moments to highlight to the CNSC an outstanding concern of the South Bruce Lakeshore community. Upon first review, it may appear that the following points fall outside the purview of CNSC's consideration.

Community safety factors must incorporate community economic health and safety. This is particularly relevant in a rural development that is highly impacted by activities and decisions of the single major employer in a geographic region. As an agency with responsibility to assist with community economic development, the Bruce CDC is concerned with how economic activities and issues impact the long-term social and economic conditions of the community.
A brief review of history may be appropriate at this juncture.

1960 - Ontario Hydro began initial nuclear construction at Douglas Point.

Mid-1980s - construction ended (3,800 jobs lost) with full transition to nuclear operations.

1985 - recognizing the impact to the community, Ontario Hydro supported development of the Bruce Energy Centre as an economic diversification tool.

1985-1990 - Ontario Hydro marketed Bruce Energy Centre internationally as an industrial location offering long-term electricity and steam rate enticements.

This resulted in six companies investing over $50-million capital in new investment to start business operations.

Early 1990s - Ontario Hydro policy was changed resulting in rural electricity rate charges applied to Bruce Energy Centre companies. This was in spite of an OEB recommendation that the Bruce Energy Centre be provided with a special rate status.
Early 1990s-2001 - Development at the Bruce Energy stagnated due to lack of resolution related to long-term electricity pricing strategies. This resulted in no new investment activities and, more significantly, the loss of expansion investment by existing BEC companies.

1998 - Electricity rate was reduced from rural rates to municipal rates following the Ontario Power Generation (Ontario Hydro) announcement of lay-up of Bruce A and transfer of 1000 workers. This rate remains in effect until "market opening" of the deregulated electricity market.

Early 1990s to present - Time and resources have been invested by the community, the Municipality and the BEC developer toward developing needed strategies to address outstanding electricity and steam costing/supply issues. Feasible strategies have been identified; however, have not as yet secured the attention of OPG.

The current status of the industrial ventures that chose to locate and
invest at the Bruce Energy Centre, based on long-term and cost-advantaged electricity and steam rates, is tenuous. This is due to the lack of a clear strategy to address electricity and steam cost/supply issues. There is a significant concern that the area may lose industrial diversification gains made over the past 20 years. The rationale for the BEC is as valid today as it was 20 years ago. The BEC model remains the best opportunity by which to attract industrial investment and contribute to economic health and safety.

I think you might have just heard that from the previous presenter, and we're talking of the community. Throughout the course of today it's been highlighted a number of times, the concern with regards to the economic death of the company to be able to be there. We see it from a community perspective as the same thing, that there is economic safety and health and safety responsibility to the community as well.

The Bruce CDC appreciates the complexities of the OPG/Bruce Power lease agreement and also the requirements to satisfy
regulatory and transitional diligence.

However, one of the transitional items of specific interest to the community that is outstanding is that of the Bruce Energy Centre. Bruce CDC is requesting that OPG and Bruce Power secure the infrastructure necessary to deliver cost-advantaged electricity and steam as was originally intended and contracted for, and that is as it relates to our major employer as well.

As previously noted, Bruce CDC acknowledges that although the current status and advancement of the Bruce Energy Centre falls outside the scope of the CNSC's primary focus, it is central to the diversification strategy that affords the community a level of economic confidence and health.

As such, we felt it sufficiently important to digress from the typical CNSC submission. However, in spite of these comments, the Bruce CDC confirms it supports Bruce Power's application for licensing.

Madam Chair, I thank you and the Commissioners for the opportunity to speak today.
your presentation, and the floor is now open for questions from the Commission Members.

There are no questions. Thank you very much.

MS FISHER: Thank you.

THE CHAIRPERSON: We'll now take a 15-minute break.

Mr. Martin, you can sit down, and we'll just take a 15-minute break and so that will be at 10 minutes to; is that right?

Yes, ten to we will be back in our seats, thank you, and we will be very ready.

--- Recess taken at 4:35 p.m.

--- On resuming at 4:50 p.m.

THE CHAIRPERSON: Ladies and gentlemen, could I ask you to please take your seats.

The next hearing item is an oral presentation by the Sierra Club of Canada as noted in CMD Document 01-H6.13.

Mr. Martin.

01-H6.13

Oral Presentation by the Sierra Club of Canada

MR. MARTIN: Thank you. Good
afternoon, Madam Chair, Commissioners, ladies and gentlemen.

And I know that you are very glad to see us, seeing that we are the last presentation.

THE CHAIRPERSON: We are.

MR. MARTIN: My name is David Martin and I'm accompanied today by my colleague Irene Kock. I'm going to cut this short a bit. I'm here on behalf of the Sierra Club of Canada, a national environmental organization with about 5,000 members.

With regards to the documentation, we did eventually receive most of the balance but not in time to review and consider them before the deadline for supplementary submissions last week.

With regard to Bruce B Safety Issues: CNSC staff chose not to review the current status of the many outstanding safety issues at Bruce B or the status of the Integrated Improvement Program (IIP). Staff suggest that Commissioners ignore these issues until fall 2002 and that a two-and-a-half-year licence be provided expiring in the fall of 2003.

There is ample evidence that these
issues should not be ignored. The previous staff report, 00-M51 entitled "Mid-Term Report on the Performance of Bruce NGS B", of September 19th, 2000, as you know, gave only a "conditionally acceptable" rating to fifteen issues, including fire protection, maintenance backlogs, management of aging of station components, staff training and qualification, and radiation protection programs, amongst other issues.

A report on the IIP programs, 00-M61.1, from October 2000, raised concerns about the competition for resources between normal operations and maintenance and the IIP programs, as well as noting that the IIP projects as a whole are two years behind schedule.

A baseline of information on outstanding safety issues and IIP project status is needed from which to judge safety issues under the lease arrangement between OPG and Bruce Power. These safety issues are relevant regardless of which company operates Bruce B and must be disclosed as part of the CNSC review of the Bruce Power licence application. It is unacceptable to approve the licence application and allow important safety issues to be subject to back-room
deals. The public deserves to know the real risk of these aging reactors that are being placed for the first time under private control.

And I'll note that we did receive a copy of CMD 01-H6.36 about two weeks ago which is OPG's own review of performance and operations, but this is from the licensee's perspective only.

With regard to Contracting out and Staffing Issues: Bruce Power intends to contract out certain CANDU-specific technical support work to AECL and OPG. This raises the compounded problem of inadequate quality assurance programs at both AECL and OPG. The inadequacy of those programs has been repeatedly documented by the CNSC, coupled with an untested quality assurance program run by a new company, namely, Bruce Power.

In addition, OPG and Bruce Power will be competitors if Bruce Power receives a CNSC licence to operate Bruce B. While this conflict of interest for OPG as a key contractor to its main competitor is loosely identified, no specific measures are set out to address the sense for both companies to address the matter.

Bruce Power states that "sharing of generic support makes good business sense for
both companies." That's in slide 16 of CMD 01-H6.1. However, this seemingly friendly business climate between the two companies may quickly sour, once the restructured electricity sector in Ontario is actually launched.

Other concerns include issues such as Bruce Power's internal capability of supervising and assessing technical support work which it contracts out. This issue of technical competence within the licensee's own organization was identified by the U.K. nuclear regulator in its 1999 report on British Energy, Bruce Power's main parent company. The "Safety Management Audit" report by the Nuclear Installations Inspectorate (NII) was carried out to assess the effect of staff downsizing undertaken by British Energy on the safety of its nuclear stations. The NII concluded that British Energy was relying too heavily on contractors to fulfill its safety-related obligations and had undertaken excessive downsizing.

While Bruce Power states that it will retain all existing staff at the Bruce Site, as well as some from OPG head office, it has also acknowledged that retirement of staff over the
next ten years will considerably reduce the size of the Bruce work force by attrition.

And I note that we heard this morning from Bruce Power that fully one-half of the staff will be retiring.

Bruce Power seems to be assuming that the potential staff shortages will also be offset by increased staff productivity.

This leads to another concern that was addressed by the NII Audit of British Energy. The NII report concluded that the "management of change" process was in effect being used to rationalize staff reductions after the fact. The NII also found cases of staff working significant overtime and evidence of the under-reporting of overtime.

CNSC staff state that the Bruce Power "management of organizational change" documentation is based on the modified British Energy process which reportedly responds to the NII Audit findings. A February 5th, 2001 request by Sierra Club for a selection of references included reference No. 14 of CMD 01-H6, the British Energy response to the NII Audit findings. And I'll just note that this document was received

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last week and includes primarily time lines for addressing the 100 plus NII recommendations and has no substantive information.

Guarantees must be put in place to ensure that the age-related attrition of the Bruce Site work force is managed in a way that does not reduce the margin of safety, regardless of which company operates the plant. It remains to be seen whether Bruce Power's "management of change" program will be able to prevent an erosion of safety due to staff retirement, coupled with an over-reliance on productivity improvements in the remaining workers.

With regards to MOX Plutonium Fuels: The Sierra Club accepted an invitation from Bruce Power to meet to discuss the licence application and related issues at a meeting on March 16th, 2001. At this meeting, Bruce Power representatives would not rule out the possibility of using mixed oxide-plutonium fuel at the Bruce nuclear stations in the future. While the full proposal to import mixed oxide-plutonium fuels from the U.S. and Russia for use in Canadian reactors may not be implemented for a number of years, a controversial testing program is
presently underway at AECL's Chalk River Nuclear Laboratories, and the Canadian government avidly supports the use of mixed oxide-plutonium fuel.

There are a number of outstanding concerns regarding the oxide-plutonium fuel import plan, including transportation and reactor hazards, as well as civil liberty and international security issues. The Sierra Club requests that the CNSC institute a condition on the Bruce Power licences to prevent the testing or use of mixed oxide-plutonium fuel at the Bruce Nuclear Stations. A formal licence amendment should be required in order to do so, and we ask that the CNSC make a commitment at this time, to require full public hearings by an impartial Panel as defined under the Canadian Environmental Assessment Act prior to approving a licence amendment for testing or use of mixed oxide-plutonium fuel at the Bruce Nuclear Stations.

Finally, in conclusion, we have heard today that "Safety First" should be the by-word. Certainly we agree in principle. In practice we believe that the way to achieve this is to withhold the licence until there is closure
and resolution on key safety issues.

And, in summary, this submission
discusses three main areas. First, the
undisclosed safety status of the Bruce B nuclear
station.

There are numerous unresolved
safety issues at Bruce B, seen in the
"conditionally acceptable" ratings by CNSC staff
in previous reports.

Madam Chair, as you yourself
observed this morning, there has been very little
change in progress at Bruce B. In addition, there
has been a two-year delay in the Integrated
Improvement Program and reorganization of the IIP
with the transfer from OPG's head office back to
the nuclear station sites. The IIP projects have
incorporated CNSC safety-related requirements, so
these delays definitely have safety implications.

These issues are not adequately
addressed in the current licence application
documentation. The existing licence expires in
fall 2001 and the safety performance of Bruce B
should be reviewed in detail on the current
licence schedule.

Secondly in summary, effects of
contracting and staffing policies on reactor safety: The record of British Energy, Bruce Power's main parent company in the UK with respect to contracting out of safety-related services and excessive downsizing of the work force raises concerns about similar potential trends at the Bruce stations.

Downsizing at the Bruce nuclear stations caused by retirement of a significant part of the existing work force, coupled with pressure for increased staff productivity by Bruce Power, may result in reduced overall safety. Regardless of which parent company holds the licences, the licensee should be required to provide assurances that it will maintain appropriate staff levels and training programs, as well as the internal capability to supervise and assess technical support work which it contracts out. Bruce Power should not be allowed to rely on its competitor, OPG, for contract services for safety-related technical support work.

And finally, mixed oxide-plutonium fuel use at the Bruce nuclear stations: The testing or use of mixed oxide-plutonium fuel at the Bruce nuclear stations which has not been
ruled out by Bruce Power must not be allowed to proceed without a licence amendment, as well as full public hearings by an impartial Panel as defined under the CEAA.

The CNSC should provide this assurance now, given the outstanding safety and security issues related to this controversial program.

I thank you for your patience and we would be pleased to answer any questions you might have.

THE CHAIRPERSON: Thank you very much, Mr. Martin.

The floor is now open for questions from the Commission members.

Dr. Giroux?

MEMBER GIROUX: Yes, I have two questions. The first one, I would like to explore a bit more your statements about the dangers of competition between OPG and Bruce Power and the fact that they might have a sort of service agreement that might be compromised by competition.

Could you spell out a bit more the mechanics that you see and how this could be
MR. MARTIN: Well, I mean, I think you'd agree it's kind of a strange situation, this cooperation between nominal competitors, and I think the risks are somewhat obvious.

We heard from Mr. Drinkwater this morning suggesting that other nuclear competitors cooperate. I'm not personally aware of such activities, but if true, the nuclear industry is certainly unlike any other industry I know.

And the other thing I would note is that under the Ontario government's market power mitigation agreement, the Bruce lease is rationalized. I mean, you know, part of the reason for this happening is the introduction of competition.

So, you know, I think these should raise serious questions in the minds of the Commission. I don't know if that's helpful.

MEMBER GIROUX: Thank you. Well, that answers a question.

My other question is for staff and that's concerning the testing of MOX and using of MOX fuel.

Am I not right that there is de
facto the proposed licence that there would be no possibility to use MOX fuel; is that correct?

MR. BLYTH: The proposed licence and all de facto power reactor licences have a condition in the licence that the fuel design cannot be changed without the approval of the CNSC, and certainly introduction of MOX fuel would be a major design change, so it could not be done without approval.

MEMBER GIROUX: Would that be a formal amendment to a licence that would have to be approved by the Commission and discussed in a public hearing?

MR. BLYTH: The licence would not require us to go to a public hearing. Having said that, the Minister of Natural Resources of Canada has said that before this would happen there would be public inquiries in accordance with the requirements of Acts like CEAA and things like that.

So, yes, it would happen. By the letter of the licence it's not necessary, but in this case it would clearly happen.

MEMBER GIROUX: Thank you.

THE CHAIRPERSON: Other questions.
Ms MacLachlan?

MEMBER MacLACHLAN: This is a question to staff.

On page 1 of the Sierra Club's submission they state that:

"CNSC staff chose not to review the current status of the many outstanding safety issues at Bruce B, or the status of the Integrated Improvement Program.

Staff suggest that Commissioners ignore these issues until fall 2002 and that a two-and-a-half-year licence be provided expiring in the fall of 2003."

May I please have your response to that statement?

MR. BLYTH: Yes. Well, I'll ask Peter Elder to respond.

MR. ELDER: CNSC staff did review the current safety issues associated with Bruce and there was a list of significant issues in CMD 01-H6.
CNSC staff did not discuss the current status of all these issues since a detailed status report would largely be discussing the performance of the current licensee, Ontario Power Generation, rather than Bruce Power who is the Applicant before you today.

CNSC staff did confirm that Bruce Power was aware of the current issues and had commitments -- and of the commitments Ontario Power Generation had made to address these issues and that we are confident that the issues would progress at the same rate as they are progressing under Ontario Power Generation.

I would note that Ontario Power Generation did submit a status report that you discussed this morning and that we do have a formal letter from Bruce Power saying that they agree that this report represents a baseline for the facility with respect to the overall plant status and progress and regulatory actions.

CNSC staff will be using this as a baseline to report on Bruce Power's performance. And that if we -- our feeling on the licence, length of the licence was that we needed enough time to make sure we were assessing Bruce Power's
performance and not Ontario Power Generation's performance.

MEMBER MacLACHLAN: Thank you.

THE CHAIRPERSON: Other questions?

I just wanted to mention that we have taken note of your comments with regards to logistical issues in providing the materials, and we also heard from Mr. Kleinau as well in terms of some logistics, different ones, but some issues and I have directed the Secretariat to look at addressing those issues for you and you can be assured that we will endeavour to be more timely in the documents as well.

So we appreciate you bringing those to our attention and ask you to continue to bring those to our attention.

Okay.

MR. MARTIN: Thank you for that.

THE CHAIRPERSON: You're welcome.

Any other questions or comments?

Well, thank you very much for your presentation and we will now move to the written submissions that we have.

Written Submissions
I would first of all like to note for the record and for those people that are represented here today that just did written submissions that are not doing oral submissions, that Commission members take these documents very seriously and they do read every one of them and make comments on them, so we do take them into account. We'd like to thank those people that have taken that time to submit their written submissions to us for considering that the Commission needed to know that information. So thank you very much and I would like to have that in the record.

So now I'm going to go through the documents and ask after each one if there's any comments from the Commission members. We will not have necessarily the oral, the questioning part, but we will have perhaps some comments on that. So I will proceed with that.

01-H6.14

Written submission from County of Bruce

THE CHAIRPERSON: Starting with Document H6.14 The County of Bruce. Are there any comments?
--- No response

01-H6.15
Written submission from Municipality of Kincardine; Office of the Regional Nuclear Emergency Planning Coordinator

THE CHAIRPERSON: H6.15, the Municipality of Kincardine, the Regional Nuclear Emergency Planning Coordinator. Are there any comments?
--- No response

01-H6.16
Written submission from Business Improvement Area

THE CHAIRPERSON: Document H6.16, Business Improvement Area. Are there any comments?
--- No response

01-H6.17
Written submission from Bruce Hydro Retirees Association

THE CHAIRPERSON: Document H6.17, Bruce Hydro Retirees Association. Any comments?
--- No response
01-H6.18

Written submission from The Corporation of the Municipality of Arran-Elderslie

THE CHAIRPERSON: Document H6.18, Corporation of the Municipality of Arran-Elderslie? Are there any comments?
--- No response

01-H6.19

Written submission from The Corporation of the Township of Huron-Kinloss

THE CHAIRPERSON: Document H6.19, Corporation of the Township of Huron-Kinloss. Any comments?
--- No response

01-H6.20

Written submission from Kincardine and District Chamber of Commerce

THE CHAIRPERSON: Document H6.20, Kincardine and District Chamber of Commerce. Are there any comments?
--- No response

01-H6.21

StenoTran
Written submission from Mr. John Bennett

THE CHAIRPERSON:  Document H6.21, Mr. John Bennett.  Are there any comments?
--- No response

01-H6.22

Written submission from Kincardine Township, Tiverton Public School Home and School Association

THE CHAIRPERSON:  Document H6.22, Kincardine Township, Tiverton Public School Home and School Association.  Are there any comments?
--- No response

01-H6.23

Written submission from Municipal Electric Association

--- No response

01-H6.24

Written submission from Citizens Action Coalition of Indiana

THE CHAIRPERSON:  Document H6.24,
Citizens Action Coalition of Indiana. Any comments?

MEMBER GIROUX: Yes.

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: The letter states that the primary Owner of Ontario Power Generation is British Energy.

I would like to just comment that this comes from Indiana now but they might have done better research.

THE CHAIRPERSON: Any further comments?

01-H6.25

Written submission from One Sky-Canadian Institute of Sustainable Living

THE CHAIRPERSON: Document CMD Document 6.25, One Sky-Canadian Institute of Sustainable Living. Any comments?

--- No response

01-H6.26

Written submission from the Association of Major Power Consumers of Ontario

THE CHAIRPERSON: Document 6.26,
Association of Major Power Consumers of Ontario.
Any comments?
--- No response

01-H6.27

Written submission from Don't Waste Michigan

THE CHAIRPERSON: Document 6.27,
Don't Waste Michigan. Any comments?
--- No response

01-H6.28

Written submission from Don't Waste Michigan,
Grand Rapids

THE CHAIRPERSON: Document 6.28,
Don't Waste Michigan, Grand Rapids. Any comments?
--- No response

01-H6.29

Written submission from Lone Tree Council

THE CHAIRPERSON: Document H6.29,
Lone Tree Council.
--- No response

01-H6.30

Written submission from Stakeholders' Alliance for

StenoTran
Electricity Competition & Customer Choice

THE CHAIRPERSON: Document H6.30, Stakeholders' Alliance for Electricity Competition and Customer Choice. Are there any comments?
--- No response

01-H6.31

Written submission from Ontario Legislative Assembly

THE CHAIRPERSON: Document H6.31, Helen Johns, MPP, from the Ontario Legislative Assembly, the MPP for Huron Bruce. Is there any comments?
--- No response

01-H6.32

Written submission from Municipality of Northern Bruce Peninsula

THE CHAIRPERSON: Document CMD 6.32, Municipality of Northern Bruce Peninsula. Is there any comments?
--- No response

01-H6.33

Written submission from Canadian Nuclear

StenoTran
THE CHAIRPERSON: Document 6.33, the Canadian Nuclear Association. Are there any comments?

MEMBER BARNES: Yes.

THE CHAIRPERSON: Dr. Barnes.

MEMBER BARNES: I refer to the third paragraph there which indicates that British Energy has entered into an agreement to lease facilities for an initial period of 18 years with an operation to extend for 25 years, i.e., up to 43 years; is this correct?

MR. JEFFREY: Yes, it is.

MEMBER BARNES: And given the current age of the reactors, how do you see the long-term use of these facilities over that sort of period?

MR. JEFFREY: Well, clearly the extension of the lease beyond the 18 years takes us to a 40-year life.

MEMBER BARNES: Yeah.

MR. JEFFREY: And it would require an application for plant life extension.

It's interesting, when you look around the world at the present, the way in which...
nuclear power plants are now applying for plant life extensions.

If you look in the United States, for example, there have been a number of plant life extensions already lodged with the NRC and the approval given. I think it's estimated that 80 out of the hundred U.S. nuclear plants will probably apply and receive a plant life extension which takes them from 40 years operating life to 60 years operating life.

Based on the due diligence which we have carried out, we do believe there is a realistic possibility at the appropriate time of carrying out all the necessary engineering work and making an appropriate submission at that time.

But it would be premature at this stage to say anything that is absolutely definite about that. It would require a lot of engineering work closer to the date.

MEMBER BARNES: Yes. Thank you. That was an interesting comment.

THE CHAIRPERSON: Any further comments on the Canadian Nuclear Association?

--- No response
THE CHAIRPERSON: Moving then to CMD Document 6.34, Citizens for Alternatives to Chemical Contamination of Michigan. Any comments or questions?

Any comments?

Yes, Ms MacLachlan.

MEMBER MacLACHLAN: Yes, thank you. I have a comment that I would like to direct to staff.
In the second paragraph, page 2, the submission states, and I quote:

"Nuclear power plants emit noxious radioactive gases and wastes to both the air and water, many of which concentrate in the food chain, some of them thousands of times, some hundreds of thousands of times."

Would you comment on that statement, please.

MR. BLYTH: Yes, thank you. I'll
pass that question to Dr. Patsy Thompson from our Radiation and Environmental Protection Group.

DR. THOMPSON: Yes, the assessments that have been conducted --

THE CHAIRPERSON: Closer, Dr. Thompson.

DR. THOMPSON: It's a problem when you're as short as I am and the wire is so -- the assessments that have been conducted at the Bruce stations as well as at the other stations indicate that the releases of radioactive materials to the environment are at very low levels and have not had any documented or predicted environmental effect.

Of the radionuclides that are emitted either to the atmosphere or to the Great Lakes, the only one to my knowledge that has a bio-cumulation potential is cesium with a bio-cumulation potential of about 3000.

In terms of the other radionuclides they don't tend to bio-concentrate in the food web the way organic contaminants would, for example. So there's a comment on tritium here and tritium does not bio-cumulate in the food chain and in organisms in general.
MEMBER MacLACHLAN: Thank you.

And I have a second question, if I may.

This is something that -- this is a question I would like to address to staff. It is an issue that has occurred elsewhere but it is also highlighted in this submission as well.

My question is this: What legally enforceable tool or mechanism or instrument do you intend to use to require OPG to decommission the Bruce facility?

And the ancillary question is: What financial instrument -- we talked a bit this morning about letters of guarantee, financial guarantees, but there are other instruments as well. Those other instruments are stated in the policy document for decommissioning.

Could you please comment on that, please.

MR. BLYTH: Yes, thank you. I will pass that question to Dr. Ken Pereira, Director General of Fuel Cycle.

DR. PEREIRA: Thank you. Under the terms of the lease that have been signed between Bruce Power and OPG the responsibility for decommissioning and for financial guarantees
remains with Ontario Power Generation.

Ontario Power Generation has proposed that a consolidated financial guarantee be provided for all of the current Ontario Power Generation facilities.

To address that issue, Ontario Power Generation has supplied to the CNSC preliminary decommissioning plans for all of the facilities. CNSC staff have reviewed those preliminary decommissioning plans and has provided comments back to Ontario Power Generation for the nuclear power stations.

What is left to do is for us to review the decommissioning plans for some of the waste facilities and then to also review the financial guarantees that would be required to put into practice those decommissioning activities.

And so the responsibility for decommissioning and for putting in place financial guarantees rests with Ontario Power Generation. Staff will be coming to the Commission later this year with a proposal on how to proceed about putting in place financial guarantees based on our review of the financial aspects of the decommissioning proposals.
MEMBER MacLACHLAN: Thank you. I have a supplementary to that. I understand the consolidated approach to all of the facilities to which OPG is a licensee. They will not be a licensee for the Bruce facility.

And I think it almost unfair to -- I mean, we have a situation where OPG is or will be a private enterprise and its licensee will be a private enterprise. The Commission is not a party to the lease.

I don't know -- I had the understanding that while the lease is an agreement, it is not a formal legal document at the moment, and I'm not sure that - and maybe you can comment on this also - whether or not the lease will be provided to the Commission and whether or not it will be appended to the licence for Bruce, but I don't see the lines of legal enforceability between the Commission and OPG with respect to the Bruce facility, and maybe you can clarify that for me.

DR. PEREIRA: I can comment on that. I will let Mr. Blyth comment on the provision of the lease to the Commission, but under the terms of the lease and the agreement
between Bruce Power and OPG, OPG remains the Owner of the Bruce facility, the entire Bruce Nuclear Generating Station, and so if British Energy were to walk away from the installation, we the CNSC under the Nuclear Safety and Control Act could require the Owner to deal with the facility, to be responsible for the facility and to decommission the facility.

So legally we can place an obligation on the Owner to act as required under the Nuclear Safety and Control Act.

MR. BLYTH:

MEMBER MacLACHLAN: Thank you. I look forward to the next response, but could you provide me, if not now, in the near future with the Section in the Act that allows the Commission to do that.

MR. BLYTH: It's Section 16 -- 26.


DR. PEREIRA: No, Section 26.

MR. BLYTH: Yes, it is Section 26 of the Act that gives us that authority, and we do have -- we have a copy of the lease. It was not our intention to append it to the licence, but we are in possession of the lease.
MR. ELDER: I will just add to it and how we expect the financial guarantee to be tied into Bruce Power's licence is that under the Regulations it is the licensee, that is Bruce Power, who has to provide us with the licence, with the financial guarantee.

We have informed them we don't care how that guarantee - if it comes from a third party, that's all right, but it has to be informed that we can then tie it into their licence and have it attached firmly to the Bruce part and to cover the decommissioning of Bruce.

MEMBER MacLACHLAN: And if I may, has the instrument been chosen? I mean, we spoke a little bit about -- sorry. We spoke a little bit this morning about the difference between a letter of comfort and a more enforceable instrument like a bond or a letter of credit or insurance.

Has the particular instrument been recommended by staff at this point?

MR. BLYTH: Not at this time.

MEMBER MacLACHLAN: And can you please comment on the timing for your financial recommendation?
MR. BLYTH: Yes.

Well, staff expect to be able to come to the Commission with a recommendation either at the August or the October meeting.

Just a comment on the instrument, there is a CNSC guideline document on what would constitute an appropriate instrument, it's CNSC guide -- you have it there, okay, C206.

MEMBER MacLACHLAN: Yes, thanks. There are a number of alternatives in here. Thank you.

THE CHAIRPERSON: Dr. Giroux.

MEMBER GIROUX: Yes. I would like to follow up on the questions from Ms MacLachlan.

Would it be appropriate to have in the licence an explicit statement about the ownership of OPG on the station and about OPG's remaining responsible towards the decommissioning?

You said that the lease is referenced in the licence and the lease explicitly or implicitly states that, and I'm just wondering whether the licence itself should have some statements. What would be your view on that?

MR. BLYTH: My view would be to err on the side of caution and seek legal advice.
It is -- the licence would be a licence -- if the Commission decides to issue a licence to Bruce Power it would be Bruce Power's licence and we would need to get legal advice to make sure that we had the necessary constraints on our requirements on OPG.

I'm sorry I can't be clearer at this time.

THE CHAIRPERSON: Thank you. Any further question?

--- No response

01-H6.35

Written submission from Mr. John Kirby

THE CHAIRPERSON: Then there remains one written submission which is O1-H6.35 which is from Mr. John Kirby. Are there any comments or questions on Mr. Kirby's written submission?

--- No response

Since we considered H36 and 37 earlier in the day, I don't intend to ask for further comments on those. That brings to the end the written submissions.

As you will recall, I mentioned to
the applicant and to the staff and to OPG that I would be coming back in terms of some overview questions, and perhaps OPG would like to move forward again.

So I'm opening questions to in fact the total day in terms of both oral and written submissions and I open the floor now for Commission Member questions.

Dr. Barnes.

MEMBER BARNES: Well, Mr. Martin and Sierra Club did raise the interesting issue of the so-called potential competition between OPG and Bruce Power.

I just wondered, in a more general sense, do you see this as a problem? It could have come up at that particular Commission item.

MR. JEFFREY: No, I don't see it as a problem at all. This morning we talked about the importance through the CANDU Owners Group to ensure that there was progression and growth of understanding of the engineering science which lies behind the CANDUs, the 22 CANDU reactors and indeed some of the overseas CANDU reactors as well.

So I don't see there being any
conflict in terms of the underlying safety issues
associated with engineering science or
developments such as human factors or issues of
that sort. These are generic.

If you look, for example, at the
United States, through organizations such as INPO,
if you look world-wide through organizations such
as WANO, there is an immense amount of cooperation
and sharing and pooling of information regarding
the safe operation of nuclear plants.

If I draw on British Energy's own
experience of the deregulation of the electricity
industry in 1990, and then the restructuring of
the nuclear industry in 1996, I think I can attest
from first-hand experience the enormous
cooperation that continues between, I call it,
between the nuclear fraternity.

We understand some of the issues
which we generically face as an industry and we
are determined to work together to ensure the safe
and proper operation of the plants.

MR. DRINKWATER: We agree with Dr.
Jeffrey's assessment and, as I said this morning,
I think we've looked at this and we've looked at
the experience ourselves in the United States and
we think that it is compatible to have both
competition and cooperation.

THE CHAIRPERSON: Dr. Barnes?

MEMBER BARNES: Just as a second
comment, I missed the first Hearing Day of this so
it may have come up then, but still some time has
passed.

In a number of the documents there
has been of course the reference to potential
start-up of the reactors in Bruce A, and this is
not so much part of the licence, but would you
care to make any comment at this point about your
estimation of the company about that potential for
start-up of at least two of the reactors in A?

MR. JEFFREY: I'm very happy to do
so, and I fully endorse the comment you've made
that it's not part of the present licence
application because that covers the Bruce A units
and their current shutdown stage.

We have spent over the past few
months about $25-million Canadian in terms of
doing a detailed engineering assessment of the
state of Units 3 and 4. We went to the Bruce
Power Board and to Cameco and to the British
Energy boards with a proposal that the outcome of
this work was favourable and we believed, both
from an engineering viewpoint and also from a
market viewpoint, of bringing another 1,500
megawatts of energy into the Ontario system that
there was a sound business case for the restart of
Units 3 and 4.

We requested from the Bruce Power
Board the authority to proceed to spend a further
$30-million Canadian over the next few months and
the Bruce Power Board agreed with the
recommendation that there was a sound business
case and we should proceed to commit that amount
of money.

At some stage along that path,
having done that work, we will obviously be coming
back to the Commission with a proposal regarding
the restart.

MEMBER BARNES: And do you have
any comment on 1 and 2?

MR. JEFFREY: Our focus at this
point of time has been on 3 and 4.

There are more significant issues
associated with 1 and 2 and at this point of time.
Whilst we wouldn't categorically rule it out, we
just want sensibly to get on and do what we are
confident we can do well.

MEMBER BARNES: Thank you.

THE CHAIRPERSON: Further questions from the Commissioners?

I understand that Bruce Power has some of the financial data that was discussed this morning and perhaps I'll give you an opportunity, if you wish, to discuss that.

MR. JEFFREY: And I would appreciate your advice on how you would like it presented, because it's rather a massive complication of complex figures. I will give a very top line on this.

THE CHAIRPERSON: Right.

MR. JEFFREY: It wasn't part of our submission. We had been asked questions from the Commission regarding certain aspects of the finances of British Energy and of Cameco. We have had that information researched and we have a statement which has been typed up.

And the top level numbers is that Cameco have guarantees in respect of one other investment in addition to the Bruce investment. The other investment is 140-million and the Bruce investment is 40-million, so the commitments
against parent company guarantees for Cameco are
180-million.

From British Energy plc, the
parent company guarantees against the American
plants -- sorry, I should have said all the
numbers are millions of dollar Canadian, we've
converted them all into a uniform base -- against
British Energy plc, British Energy's commitment on
the American plants is 156-million and against
Bruce's is 222-million. So that adds up to
380-million. So that was one of the answers.
That was one of the questions that was raised.

The second question relates to the
liquidity of both companies. David Gilchrist was
able to quote the present year but there was a
question asked of historical information.

We have got information on both
British Energy and Cameco that stretches back four
years and the sums show on British Energy plc
liquidity that varies between 1400-million, and at
one point of time it gets up to 2-billion and at
this point of time it's just under 1-billion.

So over the four years it's varied
from 1.4 up to 2, at this point of time it's just
under 1-billion and that compares with the total
of 378 which is the total against AmerGen and Bruce.

With respect to Cameco Corporation, it varies over the years from .5-billion to its presents level which is .8 of a billion, and that compares with Cameco's total parent company guarantees against their investments of 180-million.

So those numbers I think confirm the ball-park numbers that David mentioned earlier.

I would just like to clarify what we're talking here is the parent company guarantees to cover the eventuality that the units are closed down, all of them are closed down for a period of six months. That's the way in which that was calculated. So this is money that can be drawn at the request of the Board of Directors of Bruce Power from the parents.

That is totally separate from an earlier discussion which we had on the funding of decommissioning. The arrangements for providing for decommissioning are quite separate. Through the lease, Bruce Power pays a sum of money through the lease on an annual basis to OPGI, that is
StenoTran

physical money, that's cheques, and in addition there are other payments of the variable element payment.

The annual payment against the fixed element includes, amongst other things, the best industry estimates of what over the 18 years of the lease will amply provide for decommissioning. So decommissioning is physical money which is paid from Bruce Power to OPGI. And OPGI, as David Drinkwater mentioned earlier this morning, then have a back-to-back arrangement with the provincial government.

I just wanted to clarify that those are two totally different types of money used for different purposes.

THE CHAIRPERSON: Mr. Graham.

MEMBER GRAHAM: You're saying that the U.S. contribution is 156, I think this morning you said it was 200 and I wasn't sure if that was 200 Canadian or 200 U.S., but you say it's actually 156 Canadian?

MR. JEFFREY: Yes, 156-million Canadian.

MR. GRAHAM: Canadian. Just one other clarification. I think I gathered from your
answers you said that this money was set aside in case -- in the event that all four units were down for more than six months.

        MR. JEFFREY: Yes, for up to six months.

        MEMBER GRAHAM: Up to six months.

        MR. JEFFREY: It's to cover the O&M cost, it's to pay wages and operating costs.

        MEMBER GRAHAM: Does it have to be all four or if two were down, can you draw against this or is it only if all four?

        MR. JEFFREY: No, two things. One is the call-down of money will be at the discretion of the Bruce Power Board, so it is there to be called upon if cash is required by the Bruce Power Board to do essential work to bring the reactors back or to put them into a safe state, what have you.

        In calculating the sum of money required we have assumed a very pessimistic scenario because Duncan said that I think the maximum time period the reactors had ever all been out at the same time - was it six days? - nine days, so it's a very pessimistic assumption that there is no earning capacity from the plant.
because all four of them are shut down.

MEMBER GRAHAM: The only other question I have and I guess it is to CNSC staff, that the fact that there's has been fluctuation in the work statement anywhere from 1.4-billion down to 1-billion, or up to 2-billion, down to 1-billion and that fluctuates substantially over the economy and the way the markets move and so on. Are you satisfied that the security of the 222-million, you have the necessary security that you don't have to go to bonds or anything else or you have it secured?

MR. ELDER: We looked at all this data that they are talking about during our review. Independently we went into their old annual reports and looked at how it varied over the last three years, and part of that variation -- because it varied is why we put into the licence condition an annual reporting requirement for Bruce Power to come back to us on an annual basis and tell us where they actually are so that we can monitor this and make a decision if it was an appropriate measure for the longer term. We are satisfied at the current time, and that's why we said for the current, this
current licence period we are satisfied, but we will be monitoring this data and in the longer term see if another mechanism may or may not be necessary.

MEMBER GRAHAM: Is there anything in the licensing condition I guess that can change this amount or change the method in which it's secured over the duration of this licence period?

MR. BLYTH: Well, we would have the option of amending the licence if we felt it was necessary. In that case, we would probably have to come to the Commission for the amendment. So you would be in the loop.

THE CHAIRPERSON: I just was reminded that OPG might have wanted to comment on Mr. Graham's earlier question.

MR. DRINKWATER: Which earlier question is that? I did comment on the competition one.

THE CHAIRPERSON: We just thought that you were trying to indicate that you wanted to get in after Dr. Jeffrey.

MR. DRINKWATER: Well, I did want to make a comment on Commissioner MacLachlan's comments and questions around the decommissioning
fund, but if you're ready to take that I would be
happy to make that comment.

THE CHAIRPERSON: Ms MacLachlan,
are you comfortable with that?

MR. DRINKWATER: The question was
about making sure and being satisfied there was a
legal basis for ensuring that the commitment of
OPG could be enforced relative to the
decommissioning obligation that we are
undertaking.

And as staff have indicated
earlier, they're in the process of commenting on
decommissioning plans of OPG and we will be having
interaction with staff around that, and then once
those are determined there will have to be a
determination of the issue of the financial
guarantee, et cetera.

Certainly from OPG's perspective
we would be happy to work with staff during that
period to come up with something that would give
them and the Commission more comfort about the
enforceability of that because OPG intends to
stand behind that commitment.

So we would be happy to try and
work with staff over the coming months as they
look at this issue and come up with something that would give both staff and Commission Members more comfort.

THE CHAIRPERSON: Further questions?

I have a question to staff, and it's with regards to the fact that there will be an agreement in place between Bruce Power and Ontario Power Generation. If we issue a licence, what comfort could be included in the licence that would - "prevent" is the wrong word - that would "monitor" and have an opportunity to look at any changes in that agreement?

The agreement will be signed, and what would give us comfort in terms of conditions on that area?

Can they change the agreement between them during the licensing period and would we be aware of that in terms of the Commission and be able to comment on that or reflect on that?

MR. BLYTH: There is a possibility that it's covered in the reporting requirements. I suppose that could be formalized in terms of a licence condition, if necessary.
My colleague has suggested that it would not be inappropriate for the Commission to ask both OPG and Bruce Power to take on such a commitment.

THE CHAIRPERSON: If they undertook that commitment, I guess the question would be what would be the mechanism by which the Commission would ensure that that would take place?

MR. BLYTH: Some kind of periodic reporting mechanism or an obligation to inform us, the Commission, if there were changes to the agreement. There seem to be possible ways.

THE CHAIRPERSON: Bruce Power, would you like to comment on that?

MR. JEFFREY: Yes. Well, for our part we would be entirely prepared to agree to that as a licence condition.

Could I just pick up the point though, the earlier point about the 222-million if that's having to be placed in bonds or securities not available to British Energy plc?

That would require a fundamental renegotiation of the transaction. The basis of the transaction has always been on the assumption
of a parent company guarantee, and that arrangement has stood the test of the time in the United States.

THE CHAIRPERSON: Okay. If we can just get OPG's agreement?

MR. DRINKWATER: OPG would be fine with a mechanism where amendments to the lease document were shared with staff. That's not a problem.

THE CHAIRPERSON: Thank you.

Because it's been a long day, I wanted to, before we sum up, I'll just see if there's any further questions from my colleagues. I just would like to give -- there could be items, as you just mentioned, that kind of perhaps fall through the cracks in our questioning or that you didn't have an opportunity to comment on. I just wanted to give Bruce Power an opportunity to do that.

MR. JEFFREY: No, thank you, we are content.

THE CHAIRPERSON: Thank you.

Staff, are there any issues that you thought you would have liked to have commented on that you didn't have that opportunity?
MR. BLYTH: No, we're satisfied.

THE CHAIRPERSON: Ontario Power Generation?

MR. DRINKWATER: No, Madam Chair, we are satisfied.

THE CHAIRPERSON: Well, thank you very much. Then I will turn it over to the Commission Secretary.

Closing remarks

MEMBER JACK: Thank you, Madam Chair.

I will be very brief, ladies and gentlemen. Today's public Hearing is obviously now being brought to a close. The Commission will proceed to consider its decision, and that decision and the reasons for it will be published as soon as practicable, probably in about three weeks' time.

And I would again reiterate the Chair's comment thanking you for your participation.

Merci beaucoup.

THE CHAIRPERSON: I would like to just finally thank the people of Kincardine again
for their welcome. It's been a very nice process for us and we've enjoyed the hospitality and the service that we've received here.

And I would also like to thank those people that work so hard around because when we move to different locations it's not always as easy as it is in our home base at 280 Slater, so to the translators, to the court reporters and to the staff. Thank you very much.

Thank you very much.

--- Whereupon the hearing concluded at 5:55 p.m.