



Canadian Nuclear
Safety Commission

Commission canadienne
de sûreté nucléaire

Record of Decision

In the Matter of

Applicant Cameco Fuel Manufacturing Inc.

Subject Financial Guarantee for the Future
Decommissioning of the Cameco Fuel
Manufacturing Inc. Port Hope Facility

Date of
Decision November 16, 2017

RECORD OF DECISION

Applicant: Cameco Fuel Manufacturing Inc.

Address/Location: 200 Dorset Street East Port Hope, Ontario L1A 3V4

Purpose: Financial Guarantee for the Future Decommissioning of the Cameco Fuel Manufacturing Inc. Port Hope Facility

Application received: October 31, 2016

Date of decision: November 16, 2017

Location: Canadian Nuclear Safety Commission (CNSC)
280 Slater St., Ottawa, Ontario

Members present: M. Binder, President

Financial Guarantee: Accepted

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1.0 INTRODUCTION

1. Cameco Fuel Manufacturing Inc. (CFM) has submitted an application to the Canadian Nuclear Safety Commission¹ (CNSC) for the acceptance of its updated financial guarantee for the future decommissioning of the CFM facility located in Port Hope, Ontario. CFM operates the facility in accordance with its Fuel Facility Operating Licence (FFOL) FFOL-3641.00/2022 which is valid until February 2022.
2. CFM's FFOL authorizes its Port Hope facility to manufacture nuclear fuel bundles from uranium dioxide and zircaloy tubes. CFM currently maintains a financial guarantee of \$19.5 million to cover the cost of decommissioning of its Port Hope facility.
3. Under subsection 24(5) of the *Nuclear Safety and Control Act*² (NSCA), the Commission may require that the operators of nuclear facilities establish and maintain acceptable financial guarantees for the ultimate decommissioning of their facilities. CNSC Regulatory Guide G-206³ provides guidance on the attributes of an acceptable financial guarantee in terms of liquidity, certainty and adequacy of value, and continuity.
4. This financial guarantee acceptance request was submitted pursuant to licence conditions 12.2 and 16.1 of CFM's FFOL, which require CFM to maintain a Preliminary Decommissioning Plan (PDP) and a financial guarantee acceptable to the Commission. The licence requires CFM to review its PDP at least every five years, and this updated financial guarantee proposal accords with CFM's updated PDP and cost estimate.

Issue

5. In considering the application, the Commission was required to decide:
 - a) whether the form and amount of financial guarantee are acceptable for the decommissioning of the CFM facility; and
 - b) whether CFM has satisfied the requirements of conditions 12.2 and 16.1 of FFOL-3641.00/2022.

Hearing

6. Pursuant to section 22 of the NSCA, I established myself as a Panel of one Commission Member to hear the application. The Commission, in conducting a public hearing based on written materials, considered written submissions from CFM (CMD 17-H110.1) and CNSC staff (CMD 17-H110). The Commission provided the opportunity for members of the public to submit written interventions but none were received.

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

² Statutes of Canada (S.C.) 1997, chapter (c.) 9.

³ CNSC Regulatory Guide G-206, *Financial Guarantees for the Decommissioning of Licensed Activities*, June 2000.

2.0 DECISION

7. Based on its consideration of the matter, as described in more detail in the following sections of this *Record of Decision*, the Commission concludes that CFM satisfies conditions 12.2 and 16.1 of its licence and is satisfied with the revised PDP, update cost estimates and proposal to update the financial guarantee. Therefore,

the Commission accepts Cameco Fuel Manufacturing Inc.'s updated Preliminary Decommissioning Plan with cost estimates, the proposed financial guarantee amount and its financial guarantee instrument for its facility in Port Hope, Ontario.

3.0 ISSUES AND COMMISSION FINDINGS

8. In coming to its decision, the Commission considered issues related to the acceptability of CFM's proposed financial guarantee, financial guarantee instrument and the PDP for its Port Hope facility.

3.1 Review of the Preliminary Decommissioning Plan

9. The Commission notes that licence condition 12.2 of the FFOL requires CFM to maintain a PDP and to conduct a review of the PDP every five years, or upon the request of the Commission, to ensure that it remains adequate. The Commission also notes that licence condition 16.1 requires CFM to maintain in effect a financial guarantee for decommissioning that is acceptable to the Commission. CFM submitted that, in accordance with its licence conditions, CFM conducted a review of the financial guarantee for its Port Hope facility and submitted a revised PDP to CNSC staff in October 2016. CNSC staff submitted that CFM's proposed PDP was assessed against the specifications in G-219⁴ and N294-09⁵ and that, upon completion of a first review, CNSC staff requested additional details from CFM on how the proposed PDP would meet the specifications in those guidance documents. CNSC staff further reported to the Commission that CFM submitted a revised PDP to CNSC staff in April 2017 and that CNSC staff was satisfied that the revised PDP met the specifications of G-219 and N294-09.
10. CFM submitted that the preferred decommissioning strategy for the CFM facility did not change in the proposed revised PDP. CFM further submitted that the preferred decommissioning strategy would result in an end state such that the condition of all of the buildings and associated facilities at the Port Hope site would allow CFM to apply to the Commission for a licence to abandon the facility in the future.

⁴ CNSC Regulatory Guide G-219, *Decommissioning Planning for Licensed Activities*, June 2000.

⁵ N294-09, *Decommissioning of facilities containing nuclear substances*, CSA Group, 2009.

11. The Commission assessed the decommissioning costs estimate associated with the proposed decommissioning strategy for the CFM facility, as described in the revised PDP. CFM submitted that the estimated total decommissioning costs based on the “decommissioning tomorrow” scenario would be \$21 million, representing an increase of \$1.5 million from the current financial guarantee. CFM further submitted that the PDP was written with the assumption that CFM would not be able to fulfill the decommissioning obligations and a third party would be contracted to develop the detailed decommissioning plans and manage the decommissioning project. CNSC staff confirmed this information and submitted that its review showed that the increase in the decommissioning cost estimate was due to revised direct and indirect decommissioning cost estimates, including modifications to specific decommissioning tasks. CNSC staff also confirmed to the Commission that CFM’s proposed financial guarantee instrument, a draft letter of credit, met the specifications of G-206, G-219 and N294-09.
12. After examining the submissions from CFM and CNSC staff, the Commission is satisfied that the proposed PDP is in accordance with regulatory requirements and provides a credible cost estimate for the future decommissioning of the CFM facility.

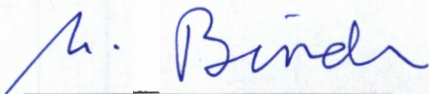
3.2 Financial Guarantee Proposal

13. The Commission notes that CFM currently maintains a financial guarantee of \$19.5M for its CFM facility through an irrevocable letter of credit. CFM submitted to the Commission that, based on the revised PDP for the CFM facility, the revised financial guarantee required for the future decommissioning of this facility was now estimated at \$21M. CFM further submitted that it intended to continue to use an irrevocable letter of credit as the financial guarantee instrument. CFM also explained that, should the Commission accept the proposed financial guarantee instrument, CFM would amend the letter of credit to the full value of \$21M within 30 days of the Commission’s acceptance. CNSC staff reported to the Commission that its review of CFM’s proposed financial guarantee instrument showed that CFM’s proposal met the specifications of G-206.
14. After considering the submissions from CFM and CNSC staff, the Commission is satisfied that the proposed financial guarantee amount are adequate to provide for the future decommissioning of the CFM facility.

4.0 CONCLUSION

15. The Commission has considered the information and submissions from CFM and CNSC staff with respect to the proposed PDP, cost estimate and financial guarantee instrument for the CFM facility.
16. The Commission is satisfied that the revised PDP provides a credible cost estimate for the future decommissioning of the CFM facility and that the proposed financial guarantee and instrument is adequate. The Commission is also satisfied that CFM satisfies the requirements of licence conditions 12.2 and 16.1 of FFOL-3641.00/2022.

17. Therefore, the Commission accepts CFM's proposed financial guarantee for the CFM facility in the amount of \$21 million. Further, the Commission is satisfied that the irrevocable letter of credit remains as an acceptable financial guarantee instrument.
18. With this decision, the Commission directs CFM to amend the letter of credit for the financial guarantee to the amount of \$21 million within 30 days of this decision. An original of the issued letter of credit is to be sent to the Commission upon completion.



Michael Binder
President
Canadian Nuclear Safety Commission

NOV 16 2017

Date