



Record of Decision

In the Matter of

Applicant

Cameco Corporation

Subject

**Application for Acceptance of the Revised
Financial Guarantee and a Licence Amendment
for the McArthur River Operation**

**Date of
Decision**

June 26, 2019

RECORD OF DECISION

Applicant: Cameco Corporation

Address/Location: 2121 – 11th Street West, Saskatoon, Saskatchewan,
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Purpose: Application for Acceptance of the Revised Financial
Guarantee and a Licence Amendment for the McArthur
River Operation

Application received: April 16, 2019

Date of decision: June 26, 2019

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

Panel of Commission: R. Velshi, President

Licence: Amended
Revised Financial Guarantee: Accepted

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1.0 INTRODUCTION

1. Cameco Corporation (Cameco) has submitted an application to the Canadian Nuclear Safety Commission¹ (CNSC) for the acceptance of the revised financial guarantee for its McArthur River Operation (MRO) located approximately 620 km north of Saskatoon in northern Saskatchewan. In its application and under subsection 24(2) of the *Nuclear Safety and Control Act*² (NSCA), Cameco also requested an amendment to the MRO Uranium Mine Operating Licence, UMOL-MINE-MCARTHUR.00/2023, to conform to the standardized CNSC licence format and conditions. Cameco's licence for the MRO expires on October 31, 2023.
2. The MRO consists of an underground uranium mine and its related buildings, as well as office and administrative buildings. High-grade uranium ore is ground into a slurry at the MRO and trucked to Cameco's Key Lake site for processing into yellowcake. All tailings from MRO operations are stored at the Deilmann tailings management facility at the Key Lake site.
3. Under subsection 24(5) of the NSCA, the Commission may require that operators of uranium mines and mills establish and maintain financial guarantees for the decommissioning of their sites. G-206, *Financial Guarantees for the Decommissioning of Licensed Activities*³ provides guidance on the attributes of an acceptable financial guarantee in terms of liquidity, certainty, adequacy of value and continuity.
4. During the 2013 licence renewal hearing for the MRO,⁴ the Commission accepted a financial guarantee of \$48.4 million based on Cameco's preliminary decommissioning plan (PDP) and preliminary decommissioning cost estimate (PDCE). In accordance with its licence conditions, Cameco is required to maintain a PDP (licence condition 12.2) and a financial guarantee acceptable to the Commission (licence condition 12.3) throughout its licence period, with the financial guarantee reviewed and updated every five years.
5. Under *The Mineral Industry Environmental Protection Regulations, 1996*,⁵ the Saskatchewan Ministry of Environment (SMOE) requires that mining and milling operations prepare decommissioning plans and financial assurances for future decommissioning. The CNSC and the SMOE have a memorandum of understanding (MOU) which guides cooperation in respect of decommissioning planning and financial guarantees. Specifically, the MOU stipulates that owners and/or operators of uranium mining and milling operations in Saskatchewan are not required to provide distinct financial guarantees to satisfy both provincial and federal requirements. As such, the CNSC and the SMOE work together to align and coordinate decommissioning planning and financial guarantee requirements, which are conditionally approved by the SMOE

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*, 2002.

⁴ CNSC Record of Proceedings, Including Reasons for Decision – Cameco Corporation, *Application for Renewal of the Uranium Mine Licence for the McArthur River Operation*, hearing dates October 1, 2 and 3, 2013.

⁵ RRS c E-10.2 Reg 7

until the Commission accepts the financial guarantee.

Issues

6. In considering the application for Commission acceptance of the financial guarantee, the Commission was required to decide whether the form and amount of the proposed financial guarantee are acceptable for the future decommissioning of the MRO.
7. In considering the application for the licence amendment, the Commission was required to decide:
 - a) whether Cameco is qualified to carry on the activity that the amended licence would authorize; and
 - b) whether, in carrying on that activity, Cameco would 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.

Hearing

8. Pursuant to section 22 of the NSCA, I established myself to preside 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 Cameco (CMD 19-H105.1) and CNSC staff (CMD 19-H105). The Commission invited written interventions from Indigenous groups, members of the public and other stakeholders to comment on Cameco's applications, but none were received.

2.0 DECISION

9. Based on its consideration of the proposed financial guarantee amount and financial guarantee instruments, as described in more detail in the following sections of this *Record of Decision*, the Commission is satisfied with the updated cost estimates for the future decommissioning of the MRO and the proposed financial guarantee amount and instruments. Therefore,

the Commission accepts Cameco Corporation's proposed revised financial guarantee amount of \$42.1 million and financial guarantee instruments for its McArthur River Operation, located in northern Saskatchewan.

10. The Commission directs Cameco to submit to the CNSC, within 90 days of the date of this decision, revised financial instruments for the revised financial guarantee as proposed in the materials submitted for this hearing.

11. Based on its consideration of Cameco's licence amendment request, as described in more detail in the following sections of this *Record of Decision*, the Commission concludes that Cameco satisfies the conditions of subsection 24(4) of the NSCA. Therefore,

the Commission, pursuant to section 24 of the *Nuclear Safety and Control Act*, amends the Uranium Mine Licence issued to Cameco Corporation for its McArthur River Operation located in northern Saskatchewan. The amended licence, UML-MINE-MCARTHUR.01/2023, is valid until October 31, 2023.

12. The Commission includes in the amended licence the conditions as recommended by CNSC staff in CMD 19-H105.
13. The Commission notes that, with this decision, the standardized licence type for Cameco's licence is amended to be a "Uranium Mine Licence," rather than a Uranium Mine Operating Licence. It is the licensed activities as defined in Part IV) of the licence that, rather than the licence type, provide for the activities that Cameco is authorized to carry out at the MRO.

3.0 ISSUES AND COMMISSION FINDINGS

3.1 Financial Guarantee

14. In coming to its decision, the Commission considered issues related to the acceptability of Cameco's proposed revised financial guarantee and financial guarantee instruments for the MRO. The Commission considered the revised PDP and PDCE submitted to the SMOE and the CNSC for review in January 2018. The Commission notes that, in accordance with the MOU between the CNSC and the SMOE, either party can put into effect the financial guarantee in specified circumstances. The Commission also notes that the SMOE is the beneficiary of the financial guarantee for all operating and decommissioning uranium mines and mills in Saskatchewan.
15. Cameco submitted that its proposed revised financial guarantee for the MRO was \$42.1 million and that it was based on the revised PDP and PDCE. Cameco also submitted that the SMOE tentatively accepted the revised PDP and PDCE on April 11, 2019, and that Cameco was in the process of finalizing the PDP and PDCE based on the SMOE's comments.
16. In its written materials, CNSC staff informed the Commission that, in accordance with licence condition 12.3 of its current licence, Cameco submitted an updated PDP and PDCE to the CNSC on January 29, 2018, and that the revised PDP contained no significant modifications or deviations from the PDP accepted by the Commission in 2013. CNSC staff also submitted that the revised PDP met the specifications of CSA

N294-09, *Decommissioning of facilities containing nuclear substances*⁶ and G-219, *Decommissioning Planning for Licensed Activities*.⁷ CNSC staff noted that Cameco adequately addressed the SMOE's comments and that both the CNSC and the SMOE were satisfied that the revised PDP and PDCE meet federal and provincial regulatory requirements.

17. CNSC staff reported that the revised financial guarantee, reduced from \$48.4 million to \$42.1 million, was based on a "decommissioning tomorrow" scenario, and included activities and facilities planned for the MRO up to the next financial guarantee update which is anticipated to be submitted by Cameco during the 2023 licence renewal. CNSC staff also reported that the reduced PDCE reflected decommissioning efficiencies that could be realized at the MRO through the application of Cameco's operational and decommissioning experience at other sites, as well as the removal of costs for an additional environmental impact statement prior to decommissioning. CNSC staff submitted that the PDCE and associated financial guarantee were appropriate and reflected all major decommissioning activities associated with a uranium mine site, with a variable contingency ranging from 10% to 20%, and met the specifications of G-206.
18. In its written materials, Cameco informed the Commission that letters of credit in the amount of the revised financial guarantee of \$42.1 million would be submitted to the CNSC should the Commission accept this proposal. CNSC staff informed the Commission that Cameco's proposal to continue using letters of credit as financial guarantee instruments met the specifications of G-206.
19. Following its consideration of the submissions from Cameco and CNSC staff, the Commission is satisfied that the proposed financial guarantee amount and financial guarantee instruments are adequate to provide for the future decommissioning of the MRO.

3.2 Licence Amendment

20. The Commission reviewed the proposed licence amendment to Cameco's licence for the MRO, as detailed by CNSC staff in section 2.3 of CMD 19-H105. Cameco submitted that it was applying for this licence amendment to update its licence to reflect the CNSC's modern standardized licence conditions.
21. CNSC staff submitted that standardized licence conditions in all CNSC licences would promote clarity and consistency of language, and that the proposed licence amendment would not have an impact on Cameco's licensing requirements for the MRO. CNSC staff also submitted that, if approved by the Commission, the licence conditions handbook (LCH) for the MRO will be updated to reflect the standardized text being used in LCHs for uranium mines and mills licensees.

⁶ N294-09, *Decommissioning of facilities containing nuclear substances*, CSA Group, 2009.

⁷ CNSC Regulatory Guide G-219, *Decommissioning Planning for Licensed Activities*, 2000.

22. Following its review of the information submitted, the Commission is satisfied that the proposed licence amendment to include in the licence modern and standardized CNSC licence conditions is acceptable.

4.0 CONCLUSIONS

23. The Commission has considered Cameco's request for the approval of its revised financial guarantee amount and financial guarantee instruments for the MRO. The Commission has also considered Cameco's application to amend its licence to include standardized CNSC licence conditions.
24. The Commission concludes that the revised financial guarantee provides a credible cost estimate for the future decommissioning of the MRO, and that the proposed financial guarantee instruments consisting of letters of credit, are adequate. The Commission is satisfied that Cameco has satisfied the requirements of licence condition 12.3 of UMOL-MINE-MCARTHUR.00/2023.
25. Therefore, the Commission accepts Cameco Corporation's proposed revised financial guarantee amount of \$42.1 million and the updated financial guarantee instruments for its McArthur River Operation, located in northern Saskatchewan.
26. With this decision, the Commission directs Cameco to submit to the CNSC, within 90 days, revised letters of credit for the revised financial guarantee in the amount of \$42.1 million.
27. In regard to Cameco's licence amendment application, the Commission is satisfied that Cameco meets the test set out in subsection 24(4) of the *Nuclear Safety and Control Act*. That is, the Commission is of the opinion that Cameco is qualified to carry on the activity that the proposed licence will authorize and that it will 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.
28. Therefore, the Commission, pursuant to section 24 of the *Nuclear Safety and Control Act*, amends the Uranium Mine Operating Licence issued to Cameco Corporation for the McArthur River Operation located in northern Saskatchewan. The amended licence, UML-MINE-MCARTHUR.01/2023, is valid until October 31, 2023.
29. The Commission includes in the amended licence the conditions as recommended by CNSC staff in CMD 19-H105.

30. The Commission expects that CNSC staff will update the LCH for the MRO as of the date of this decision and as proposed in CMD 19-H105.



Rumina Velshi
President,
Canadian Nuclear Safety Commission

June 26, 2019

Date