



Canadian Nuclear  
Safety Commission

Commission canadienne  
de sûreté nucléaire

## Record of Proceedings, Including Reasons for Decision

In the Matter of

**Applicant**      **Best Theratronics Ltd.**

**Subject**      **Application for the Acceptance of the Financial  
Guarantee**

**Hearing Date**      **March 25, 2015**

## **RECORD OF PROCEEDINGS**

Best Theratronics: Best Theratronics Limited

Address/Location: 413 March Road, Ottawa, Ontario, K2K 0E4

Purpose: Application for the acceptance of the financial guarantee

Applications received: February 20, 2015

Date of decision: March 25, 2015

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

Members present: M. Binder, Chair  
A. Harvey  
D.D. Tolgyesi  
R. Velshi  
S. McEwan

**Financial Guarantee: Accepted**

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## 1.0 INTRODUCTION

1. Best Theratronics Limited (BTL) has applied to the Canadian Nuclear Safety Commission<sup>1</sup> for the acceptance of a financial guarantee for its Class 1B Nuclear Processing Facility located in Ottawa, Ontario.
2. BTL is a medical device manufacturing company that was initially a part of Atomic Energy of Canada Ltd. which then became a Crown corporation under the name “Theratronics”. In the 1990s, the company was purchased by MDS Nordion Inc. In 2008, the company was sold by MDS Nordion Inc. to a private investor and became BTL. BTL manufactures medical equipment including cobalt-60 (Co60) radiation cancer treatment units, as well as caesium-137 (Cs137) and x-ray-based blood irradiators. The licensed activities include the operation of a cyclotron(s)/accelerator, the operation of a nuclear substance processing facility, and the operation of a radioactive source teletherapy machine.
3. The BTL licence was issued after the Commission hearing held on May 8, 2014, when the Commission accepted the proposed preliminary decommissioning plan (PDP). At the time of hearing, a financial guarantee was not established. Consequently, the Commission required BTL to have a financial guarantee for the future decommissioning of the facility in place by January 31, 2015<sup>2</sup>. After the hearing held on January 30, 2015<sup>3</sup>, the Commission amended the BTL licence to provide that an acceptable financial guarantee for the future decommissioning of the BTL Class 1B Nuclear Processing Facility in Ottawa is in place by April 30, 2015. The amended licence, NSPFOL 14.01/2019, remains valid until June 30, 2019.
4. In its current application, BTL asks for an authorization to change the implementation of the financial guarantee so that the entire amount of the financial guarantee would be implemented through a letter of credit, and that the financial guarantee would be implemented gradually, through a phased approach.

### Issue

5. In considering the application, the Commission was required to decide:
  - a) if the stand-by letter of credit with a proposed schedule to fund the financial guarantee and the amount of \$4,005,963.00 (2014 dollars) constitute an acceptable financial guarantee for the decommissioning of BTL’s Class 1B Nuclear Processing Facility located in Ottawa, Ontario; and
  - b) if BTL has fulfilled the requirements of Condition 1.3 of licence NSPFOL 14.01/2019.

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<sup>1</sup> 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.

<sup>2</sup> Licence Condition 1.3 of the NSPFOL 14.00/2019.

<sup>3</sup> *Record of Proceedings, Including Reasons for Decision*, in the Matter of Best Theratronics Ltd., CNSC, 2015.

## Hearing

6. Pursuant to section 22 of the NSCA, the Commission reviewed the application. The Commission, in making its decision, considered written submissions from BTL (CMD 15-H108.1) and CNSC staff (CMD 15-H108).

## **2.0 DECISION**

7. Based on its consideration of the matter, as described in more detail in the following sections of this *Record of Proceedings*,

the Commission, pursuant to section 24 of the *Nuclear Safety and Control Act*, accepts the letter of credit for \$4,005,963 as the financial guarantee provided by Best Theratronics Ltd. for the future decommissioning of its Class 1B Nuclear Processing Facility located in Ottawa, Ontario.

8. With this decision, the Commission directs CNSC staff to update the Licence Conditions Handbook to reflect the funding schedule, as attached in Addendum 1 to CMD 15-H108.
9. The Commission further directs CNSC staff to report to the Commission on the progress of the financial guarantee funding through annual reports in the fall of 2015 and 2016. In addition, the Commission wishes to immediately be informed of any nonconformity with the payment schedule or the financial guarantee instrument.

## **3.0 ISSUES AND COMMISSION FINDINGS**

10. BTL informed the Commission that, in August 2014, they had submitted a revised preliminary decommissioning plan based on current source inventory, which included splitting of the financial guarantee amount into a part associated with placing the facility into a safe state and the remainder to cover the decommissioning of the facility. The amount required to place the facility into a safe state would have been implemented through a letter of credit, while the remainder of the required financial guarantee would have been implemented through a surety bond. This preliminary decommissioning plan was accepted by CNSC staff. The revised full amount of the financial guarantee was established to be \$4,005,963 (2014 dollars).
11. CNSC staff is the opinion that the revised cost estimate is sufficient for the future decommissioning of the facility. This amount is based on labour costs, decontamination costs, waste disposal costs, licensing costs, and incorporates a contingency fund of 25 % and five years of escalating costs at 2% based on the consumer price index.

12. In its current application, BTL noted that, in early February 2015, it had implemented a letter of credit in the amount of \$175,963 for the component of the financial guarantee related to placing the facility into a safe state. This has been accepted by CNSC staff. The safe state ensures that the nuclear substances would continue to be managed safely and there would be no risk to the health and safety of persons or the environment. BTL now proposes that the remainder of \$3,830,000 be implemented, according to the submitted funding schedule, by October 2016 in the form of a letter of credit, rather than the previously proposed surety bond. According to the proposed schedule, the remainder of the financial guarantee would be funded as follows:

- \$1 million added to the letter of credit by July 2015;
- \$1 million added to the letter of credit by December 2015;
- \$1 million added to the letter of credit by May 2016; and
- \$0.83 million added to the letter of credit by October 2016.

Should the Commission accept the proposed schedule, CNSC staff would update the BTL Licence Conditions Handbook accordingly. CNSC staff would also report to the Commission through annual reports in the fall of 2015 and 2016.

13. CNSC staff informed the Commission that the decommissioning activities for the BTL facility would involve removal of all nuclear substances and hazardous material from the facility, including all of BTL's sealed sources stored at the neighbouring Nordion facility located at 447 March Rd, currently under the Nordion financial guarantee.
14. CNSC staff concluded that a letter of credit is an acceptable form of financial guarantee for the future decommissioning of BTL as it meets the acceptance criteria listed in CNSC Regulatory Guide G-206: *Financial Guarantees for the Decommissioning of Licensed Activities*. CNSC staff further concludes that the financial risk for the proposed schedule for the implementation of the financial guarantee is minimal, given that the BTL sources stored at the Nordion facility (approximately 75% of all BTL sources) are covered under Nordion's financial guarantee and would remain so until the BTL financial guarantee is fully established.
15. CNSC staff recommends that the Commission accept the form of a letter of credit as the financial guarantee for the future decommissioning of the BTL facility.

#### **4.0 CONCLUSION**

16. The Commission has considered the information and submission of BTL and CNSC staff as presented in the material available for reference on the record.
17. The Commission concludes that the letter of credit is an acceptable financial instrument for funding the financial guarantee and is more secure than the previously proposed form of a surety bond.

18. The Commission further concludes that the amount of the guarantee is adequate and the schedule for funding of the financial guarantee proposed by BTL is acceptable.
19. The Commission is satisfied that the scheduled build-up of the financial guarantee meet the requirement of condition 1.3 of the licence NSPFOL-14.01/2019.
20. The Commission therefore accepts the financial guarantee proposed by Best Theratronics Ltd. for the future decommissioning of its Class 1B Nuclear Processing Facility located in Ottawa, Ontario.



Michael Binder  
President,  
Canadian Nuclear Safety Commission

**MAR 27 2015**

Date