



# Record of Decision

DEC 20-H107

In the Matter of

Applicant Cameco Corporation

Subject Application for Acceptance of a Revised  
Financial Guarantee and Licence Modernization  
Amendment for Cameco Corporation's Rabbit  
Lake Operation

Date of  
Decision March 9, 2021

**RECORD OF DECISION – DEC 20-H107**

Applicant: Cameco Corporation

Address/Location: 2121-11<sup>th</sup> Street West  
Saskatoon, Saskatchewan S7M 1J3

Purpose: Application for Acceptance of a Revised Financial  
Guarantee and Licence Modernization Amendment for  
Cameco Corporation's Rabbit Lake Operation

Application received: June 3, 2020

Hearing: Public Hearing in Writing – [Notice of Hearing in Writing](#)  
published November 23, 2020

Date of decision: March 9, 2021

Panel of Commission: R. Velshi, President

**Revised Financial Guarantee Amount:** Accepted

**Licence:** Amended

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## 1.0 INTRODUCTION

1. Cameco Corporation (Cameco) has submitted an application to the Canadian Nuclear Safety Commission<sup>1</sup> (CNSC) for the acceptance of a revised financial guarantee amount for the decommissioning of its Rabbit Lake Operation (RLO) located approximately 750 km north of Saskatoon, Saskatchewan.
2. Under subsection 24(5) of the [Nuclear Safety and Control Act](#) (NSCA), a licence may contain any condition the Commission considers necessary for the purposes of the NSCA. The Commission does require that licensees maintain financial guarantees for the decommissioning of their sites, and Cameco's licence for the RLO does include such a requirement. CNSC Regulatory Guide [G-206, Financial Guarantees for the Decommissioning of Licensed Activities](#) provides guidance on the attributes of an acceptable financial guarantee in terms of liquidity, certainty, adequacy of value and continuity.
3. Under [The Mineral Industry Environmental Protection Regulations, 1996](#), the Saskatchewan Ministry of Environment (SMOE) requires that mining and milling operators 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 separately satisfy 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 until the Commission accepts the financial guarantee.
4. In accordance with its current licence conditions 12.2 and 12.3, Cameco is required to maintain a Preliminary Decommissioning Plan (PDP) and a financial guarantee acceptable to the Commission, respectively. Licence condition 12.3 also requires the financial guarantee to be reviewed and updated every five years and, on this basis, Cameco submitted an updated draft PDP and a Preliminary Decommissioning Cost Estimate (PDCE) to both SMOE and CNSC staff in June 2020 in anticipation of updating the financial guarantee amount.
5. In its application for Commission approval of the updated financial guarantee amount, Cameco also requested an amendment to the Rabbit Lake Uranium Mine Licence, UMOL-MINEMILL-RABBIT.00/2023, to conform to the standardized CNSC licence format and conditions. Cameco's licence for the Rabbit Lake Operation expires on October 31, 2023.

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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.

6. Cameco's proposed financial guarantee amount would be used for the future decommissioning of the RLO which consists of the following infrastructure:

- B-Zone pond/pit
- Ore and waste rock storage areas
- Above-Ground Tailings Management Facility
- Rabbit Lake In-Pit Tailings Management Facility
- Surface buildings and facilities
- Eagle Point Mine facilities
- Upper Link Lake
- Site roads and borrow areas

### Issues

7. Pursuant to subsection 24(5) of the [NSCA](#), the Commission imposed a licence condition requiring Cameco to maintain a financial guarantee acceptable to the Commission, and to periodically review and update the guarantee. At issue in this application is the acceptability of Cameco's proposed updated amount of its financial guarantee for the future decommissioning of the RLO.
8. Cameco's application to amend the licence to reflect the standardized licence format does not involve changes to the activities currently authorized or the conditions under which the operations take place. Rather, the amendment would only change the format by which the information in the current licence is captured in the amended licence. In this regard, pursuant to subsection 24(4) of the [NSCA](#), the Commission was required to decide:
- a) whether Cameco remains qualified to carry on the activity that the amended licence would authorize; and
  - b) whether, in carrying on those activities under the amended licence, 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

9. In accordance with Rule 17 of the [Canadian Nuclear Safety Commission Rules of Procedure](#) (the Rules), the Commission published a [notice of public hearing](#) on November 23, 2020 for this matter. Pursuant to Rule 19 of the [Rules](#), the Commission invited written interventions from persons who have an interest or expertise in this matter, or information that may be useful to the Commission in coming to a decision on Cameco's application; one intervention was submitted.

10. The Commission would like to thank the intervenor, Mr. Steve Lawrence, for his submission. The Commission notes that the issues raised by Mr. Lawrence relate to waste, decommissioning and tailings, but were not related to the narrower topic of Cameco's proposed financial guarantee amount. The Commission encourages the intervenor to seek to participate in the 2023 Commission proceeding in respect of Cameco RLO's licence renewal.
11. Pursuant to section 22 of the [NSCA](#), the President established a panel of one Commission member, consisting of herself, to consider the application. Pursuant to subsection 40(5) of the [NSCA](#), the Commission conducted a public hearing based on written materials and considered written submissions from Cameco ([CMD 20-H107.1](#)), CNSC staff ([CMD 20-H107](#)) and one intervenor ([CMD 20-H107.2](#)).

## 2.0 DECISION

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

the Commission finds acceptable, for the purposes of licence condition 12.3 of its current licence, Cameco Corporation's proposed updated financial guarantee amount of \$213.4 million for its RLO.

13. The Commission directs Cameco to submit to the CNSC, within 90 days of the date of this decision, draft financial instruments for the revised financial guarantee amount. The Commission instructs CNSC staff to review and verify that the revised instruments are letters of credit on substantially the same terms as the existing ones, so as to meet CNSC acceptance criteria for liquidity, certainty of value and continuity. The existing letters of credit shall not be withdrawn before CNSC staff-accepted replacement letters of credit in the revised amount have been finalized.
14. Based on its consideration of Cameco's licence amendment application, 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 RLO located in northern Saskatchewan. The amended licence, UML-MINEMILL-RABBIT.01/2023 is valid until October 31, 2023.

15. The Commission includes in the amended licence the conditions as recommended by CNSC staff in [CMD 20-H107](#).

### 3.0 ISSUES AND COMMISSION FINDINGS

#### 3.1 Financial Guarantee

16. The Commission has assessed the evidence submitted on the record for this hearing by Cameco and CNSC staff, and considered the acceptability of Cameco's proposed financial guarantee amount of \$213.4 million for the RLO. The Commission considered whether Cameco's revised PDP and PDCE submitted to the SMOE and the CNSC for review in June 2020 met the expectations of [G-206](#); [Regulatory Guide G-219](#), [Decommissioning Planning for Licensed Activities](#) and Canadian Standards Association (CSA) Group standard N294-09, *Decommissioning of facilities containing nuclear substances*<sup>2</sup> as detailed in Cameco's licence conditions handbook (LCH),<sup>3</sup> and whether Cameco fulfilled licence condition 12.3 for the RLO.
17. During the October 2013 [public hearing for the RLO](#), the Commission accepted a financial guarantee amount of \$202.7 million based on Cameco's PDP and PDCE. The accepted financial instruments were in the form of letters of credit issued by Royal Bank of Canada, Scotia Bank and Bank of Montreal, with the SMOE as the beneficiary.
18. In accordance with licence condition 12.3 of its current licence, Cameco submitted an updated PDP and PDCE to the CNSC in May 2018, and indicated that the updated PDP contained no significant modifications or deviations from the PDP accepted by the Commission in 2013. Following the May 2018 submission of the updated PDP and PDCE, the SMOE and the CNSC provided comments to Cameco.
19. Cameco reported that it had revised the PDP and PDCE to address these regulatory comments and that these documents were resubmitted to the SMOE and the CNSC in June 2020 with a proposed revised financial guarantee amount for the RLO of \$213.4 million.
20. CNSC staff reported that the revised updated PDP, submitted in June 2020, met the specifications of CSA N294-09 and [G-219](#). CNSC staff also reported that the SMOE had indicated that Cameco adequately addressed the SMOE's comments and that both the CNSC and the SMOE were satisfied that the revised updated PDP and PDCE meet federal and provincial regulatory requirements.
21. The evidence showed that the revised financial guarantee amount, increased from \$202.7 million to \$213.4 million, was based on a "decommissioning tomorrow" scenario and that the increase of \$10.7 million was primarily to account for inflation. It was also reported

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<sup>2</sup> N294-09, *Decommissioning of facilities containing nuclear substances*, CSA Group, 2009.

<sup>3</sup> The CNSC's licensing regime includes the licence conditions handbook (LCH), which is a companion piece to interpret a licence. The general purpose of the LCH is, for each licence condition, to clarify the regulatory requirements and other relevant parts of the licensing basis.

that the revised financial guarantee included activities and facilities planned for the RLO up to the next financial guarantee update which, per its licence requirements, will be submitted to the CNSC in 2023.

22. CNSC staff reported that the decommissioning activities, which will take place in a staged manner over years, and the cost estimate, which includes contingency funds, are robust and added that the proposed financial instrument remains constant and is not dependent on the stock market fluctuation.
23. In its submission, Cameco informed the Commission that, should the Commission accept the proposed revised financial guarantee amount, it would begin the process of revising the financial instruments to reflect the Commission's decision. 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, \*Financial Guarantees for the Decommissioning of Licensed Activities\*](#).
24. The Commission is satisfied that Cameco's proposed financial guarantee amount of \$213.4 million for the RLO is acceptable. The Commission is satisfied that Cameco's revised PDP and PDCE submitted to the SMOE and the CNSC for review in June 2020 met the expectations of [G-206, REGDOC-2.11.1, \*Waste Management, Volume III: Safety Case for the Disposal of Radioactive Waste, Version 2\*](#) and CSA N294-09 and fulfilled the requirements of licence condition 12.3.
25. The Commission has not seen, and Cameco has not submitted, the draft replacement financial instruments. Understanding that the updated financial instruments will be letters of credit, as indicated in CNSC staff's submission, the Commission instructs CNSC staff to review and verify that the revised instruments are three letters of credit on substantially the same terms as the existing ones, so as to meet CNSC acceptance criteria for liquidity, certainty of value and continuity. The existing letters of credit shall not be withdrawn before CNSC staff-accepted replacement letters of credit in the revised amount have been finalized.
26. In accordance with the MOU between the CNSC and the SMOE, either party can call upon the financial guarantee to ensure decommissioning in carried out in specified circumstances. The SMOE is the beneficiary of the existing financial guarantees for all operating and decommissioning uranium mines and mills in Saskatchewan and the Commission anticipates that the updated instruments will also name the SMOE as the beneficiary.

### **3.2 Licence Amendment**

27. In considering the proposed licence amendment for Cameco's RLO, the Commission assessed the evidence submitted on the record for this hearing by Cameco and CNSC staff. The intent of this licence amendment is to update Cameco's licence to reflect the CNSC's modern standardized licence conditions.



28. Standardized licence conditions in CNSC licences promote clarity and consistency of language. The Commission is satisfied that the standardized licence conditions proposed by CNSC staff in [CMD 20-H107](#) are appropriate and that the proposed licence amendment would not have an impact on Cameco's licensing requirements for the RLO. CNSC staff also submitted that, if the licence were amended by the Commission, the RLO LCH would be updated to reflect the standardized text being used in LCHs for uranium mine and mill licences.
29. Following its analysis of the information submitted on the record for this hearing, the Commission is satisfied that amending Cameco's licence for the RLO to include the CNSC's modernized and standardized licence conditions is acceptable.

#### **4.0 CONCLUSION**

30. The Commission has considered Cameco's request for the approval of its revised financial guarantee amount and its proposal to conclude financial guarantee instruments for the RLO that reflects this amount and remain otherwise unchanged. The Commission has also considered Cameco's application to amend its licence to include standardized CNSC licence conditions.
31. The Commission concludes that the revised PDP and PDCE provide a credible cost estimate for the future decommissioning of the RLO and that the proposal for financial guarantee instruments consisting of letters of credit will be – subject to CNSC staff verification – on similar terms and conditions as the existing three letters of credit. The Commission is satisfied that Cameco has satisfied the requirements of licence condition 12.3 of UMOL-MINEMILL-RABBIT.00/2023.
32. Therefore, the Commission accepts Cameco's proposed revised financial guarantee amount for the RLO of \$213.4 million.
33. 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 \$213.4 million with substantially the same terms and conditions as those in the existing letters of credit.
34. 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](#). The Commission is of the opinion that Cameco remains qualified to carry on the activity that the amended 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.

35. Therefore, the Commission, pursuant to section 24 of the [NSCA](#), amends the Uranium Mine Licence issued to Cameco Corporation for the Rabbit Lake Operation located in northern Saskatchewan. The amended licence, UML-MINEMILL-RABBIT.01/2023, is valid until October 31, 2023.
36. The Commission includes in the amended licence the standardized licence conditions as recommended by CNSC staff in [CMD 20-H107](#).

Velshi,  
Rumina



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March 9, 2021

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Rumina Velshi  
President,  
Canadian Nuclear Safety Commission

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Date