

EXHIBIT 2

**Excerpt from STATE OF UTAH'S OBJECTIONS AND RESPONSE TO
APPLICANT'S SECOND SET OF DISCOVERY REQUESTS WITH RESPECT
TO GROUPS II AND III CONTENTIONS,
dated June 28, 1999**

probabilistic seismic hazard analysis at the site.

VI. BOARD CONTENTION 11 (UTAH O) HYDROLOGY

A. Requests for Admission – Utah O

REQUEST FOR ADMISSION NO. 1 - UTAH O: Do you admit that PFS's water usage during construction would have no measurable or adverse impact on other well users and on the aquifer? (EIS RAI 8-1, 9-4)

RESPONSE TO ADMISSION REQUEST NO 1 - UTAH O:

Utah objects to answering this Request and Interrogatory No. 7 on the grounds that the Utah State Engineer has independent adjudicative authority and has not taken action on any water right application from PFS. If and when any action is taken, the Utah State Engineer will exercise his statutory responsibilities in determining whether to approve or deny any application in conformance with law and the available data. The following response is provided, subject to this objection, and the fact that the State Engineer cannot be bound by the responses herein in his adjudicative proceedings.

Notwithstanding the foregoing objections, the State admits in part and denies in part, Request for Admission No. 1. PFS estimates that the water usage during construction will be 8,500 gallons per day or about 5.9 gallons per minute. Admit that a well producing this quantity of water is considered small and most likely will not result in significant stresses on the aquifer system. As discussed below, PFS has conducted an inadequate investigation to determine whether no measurable or adverse impacts will occur.

Deny that PFS's water usage during construction would have no measurable or adverse impact on other well users. First, PFS has not identified the specific location of the production well (or wells). Therefore, PFS cannot make a finding that no measurable or adverse impacts will occur to other wells. Second, in Response to EIS RAI 8-1, PFS adapted the Jacob formula to estimate the impact of its water use on the aquifer. In selecting the Jacob formula to estimate the potential cone of influence of the production well, PFS has not stated whether the assumptions upon which the Jacob formula is based fit the conditions at the site. Without a thorough evaluation of these assumptions, PFS's claim that there will be no measurable or adverse impact on the aquifer is questionable.

REQUEST FOR ADMISSION NO. 2 - UTAH O: Do you admit that PFS's water usage during operations would have no measurable or adverse impact on other well users and on the aquifer? (EIS RAI 8-1, 9-4)

RESPONSE TO ADMISSION REQUEST NO. 2 - UTAH O:

The objections raised in Response to Admission Request No. 1 are fully incorporated herein. Notwithstanding the objections raised in the above response No. 1, the State admits in part and denies in part, Request for Admission No. 2. See Response to Request for Admission No. 1. The estimated quantity of water needed for operational purposes is about 3850 gallons per day or about 2.7 gallons per minute. The same concerns as set forth in Admission Request No 1 above also apply to this response.

REQUEST FOR ADMISSION NO. 3 - UTAH O: Do you admit that the depth to groundwater beneath the PFSF site is at least 100 ft.? (EIS RAI 8-1)

RESPONSE TO ADMISSION REQUEST NO. 3 - UTAH O:

Admit in part and deny in part. Admit that PFS has drilled one two inch diameter well somewhere on the site that measured groundwater at 100 feet or more below ground surface. Deny that PFS has established the depth to groundwater because it has not established any permanent monitoring wells, has not documented any seasonal variations in groundwater depth, and has not determined any gradients across the site.

REQUEST FOR ADMISSION NO. 4 - UTAH O: Do you admit that construction, operation, and maintenance of the PFSF would have no measurable or adverse impact due to groundwater contamination on hydrological resources downgradient from the facility?

RESPONSE TO ADMISSION REQUEST NO. 4 - UTAH O:

Denied. PFS has not demonstrated through its site investigations and submittals that there will be no measurable or adverse impacts due to ground water contamination. The site comprises a large area of approximately 99 acres for storage of high level nuclear waste. The operation includes heavy equipment/maintenance, laboratory chemicals, small quantities of hazardous wastes, petroleum product storage and use, sanitary waste disposal, sumps and other potentials pollutants including the high level nuclear waste. For example, there are operating procedures to detect contaminated casks or canisters. The SAR acknowledges that potential contamination can occur if proper procedures are not followed. SAR at 6.4-1 and 2. But the SAR does not properly anticipate problems when standard practices are not followed, errors are made or accidents occur. The fact that site ground water monitoring is not planned

means PFS would not know whether all their assumptions on protecting ground water are correct or whether errors and accidents have caused a problem. This would allow contamination to escape to ground water, and without monitoring, problems may not be detected, thereby allowing significant degradation of hydrologic resources. Ground water monitoring is a prudent method to verify that there are no impacts to groundwater and to allow detection and early correction of problems.

Experience dictates that there are degradation impacts on ground water from many surface activities. PFS has not made efforts to isolate stormwater from ground water with appropriate liners which further provides the possibility of contamination. Furthermore, the PFS submittal has not properly characterized the ground water under the site. The Applicant has not performed sufficient work at the site to determine direction of flow and the chemistry of the ground water. Such work is necessary to allow proper detection of contaminants from the site. The ITF and transportation to the proposed ISFSI site also presents the opportunity for ground water or surface water contamination.

B. Interrogatories - Utah O

INTERROGATORY NO. 1 - UTAH O: Identify each of the specific pathways from PFS's sewer/wastewater system, the "retention pond" (hereinafter "detention basin"), ISFSI operations, and ISFSI construction activities through which the State contends that surface water and groundwater in Skull Valley could become contaminated, and the technical and scientific bases therefor.

RESPONSE TO INTERROGATORY NO. 1 - UTAH O:

1. Sewer/wastewater system. The wastewater system consists of a subsurface

drainfield which disposes liquids and pollutants into the ground and eventually the ground water. PFS has not provided feasibility information or sizing information to show that soil and ground water conditions are suitable for a drainfield. If installation occurs in unsuitable soils, less soil treatment is provided for sanitary wastes. Another means of contamination is the disposal of improper materials in the drainfield such as laboratory chemicals, floor drains, solvents, petroleum products, radiologics etc. If sump water is discharged to the drain field following testing, errors or negligence could occur allowing releases to ground water via the drainfield.

2. Retention Pond. The retention pond is unlined and unmonitored, allowing its contents to discharge to ground water. Rainwater falling on the nuclear waste storage areas and all other areas of the operation can be contaminated with spills, leaks, accidents, poor house keeping, and other inappropriate activities. These materials would be carried by stormwater into the ground water along with any pollutants they carry. The unlined and unmonitored retention pond provides a pathway to pollute ground water.

3. ISFSI Operations. The discussion in items 1 and 2 above also applies to the ISFSI operations. In addition, these operations allow rainwater to come into contact with storage containers, which, if leakage occurred or external container contamination exists, could wash off and infiltrate into the groundwater. No containment is provided for rain water on site and no monitoring of groundwater is planned which would allow detection and correction of problems. Furthermore, the

ITF could also have the same potential pollution problems as discussed above and as discussed in items 1 and 2 above.

4. ISFS Construction activities. See discussion in items 1, 2 and 3 above. In addition, construction activities include asphalt and concrete plants which may introduce pollutants to the environment.

INTERROGATORY NO. 2 - UTAH O: For each pathway identified in response to Interrogatory No. 1, identify each of the specific contaminants from PFS's sewer/wastewater system, the detention basin, ISFSI operations, and ISFSI construction activities that the State contends could enter the surface water and groundwater in Skull Valley, the means or mechanism by which each contaminant would enter each pathway, and the technical and scientific bases for the State's contentions.

RESPONSE TO INTERROGATORY NO. 2 - UTAH O:

See response to Interrogatory No. 1.

INTERROGATORY NO. 3 - UTAH O: Identify the likelihood that, in the State's belief, each of the contaminants identified in response to Interrogatory No. 2 would enter the surface water or groundwater in Skull Valley through each of the pathways identified in response to interrogatory No. 1, and the technical and scientific bases therefor, including, but not limited to, the scientific and technical basis for any radiological releases that the State asserts are likely to result in groundwater or surface water contamination.

RESPONSE TO INTERROGATORY NO. 3 - UTAH O:

See response to Interrogatories No. 1, 2 and 4.

INTERROGATORY NO. 4 - UTAH O: Identify each specific body of surface water - perennial and intermittent - that the State contends would be contaminated by the construction, operation, or decommissioning of the PFS ISFSI, and the technical and scientific bases therefor.

RESPONSE TO INTERROGATORY NO. 4 - UTAH O:

The State of Utah has provided PFS with a list of approximately 45 surface

waters at various radii from the storage site. See response to Document Request No. 2 below. The State contends that all surface waters downgradient of the storage, ITF and those that are crossed with transport vehicles could be contaminated by the operations. For example, PFS indicates that the Low Corridor will cross 56 arroyos that can contain surface waters. Furthermore, contamination could occur from radiologics or any other contaminants used on the ISFSI site or the ITF. This could occur from accidents, spills, negligence or intentional acts.

INTERROGATORY NO. 5 - UTAH O: Identify and fully explain the specific respects in which the State contends that PFS has inadequately characterized the groundwater beneath the ISFSI site, including the respects in which the State contends PFS has inadequately characterized the groundwater depth (to the extent the State does not admit Request No. 2 above), the ground permeability, and the groundwater velocity, and the technical and scientific bases therefor.

RESPONSE TO INTERROGATORY NO. 5 - UTAH O:

PFS has not characterized the ground water beneath their 99 acre storage site. A site of this size would normally require several monitoring wells to determine the complete chemistry of the ground water across the site. This would also allow determining ground water depth at various locations (three or more) and to determine ground water flow direction. This is the basic information needed to understand the ground water at the site, predict potential impacts and detect future changes in ground water quality from operations. Ground water quality data is needed over a period of at least a year to identify seasonal variations. Similarly, localized permeability and velocity information is needed to predict potential impacts.

INTERROGATORY NO. 6 - UTAH O: Identify and fully explain any

measurable or adverse impacts on downgradient hydrological resources, and the mechanisms by which the State asserts such impacts would occur, that the State contends would result from the asserted contaminants and pathways identified in response to Interrogatories 1 and 2 above, and the technical and scientific bases therefor.

RESPONSE TO INTERROGATORY NO. 6 - UTAH O:

See response to Interrogatory No. 1 above.

INTERROGATORY NO. 7 - UTAH O: To the extent the State does not admit Request No. 1-4 above, identify and fully explain the specific adverse effects the State contends PFS's water usage would have on specific well users and the aquifer, and the technical and scientific bases therefor.

RESPONSE TO INTERROGATORY NO. 7 - UTAH O:

See response to Request for Admission Nos. 1 and 2.

C. Document Requests - Utah O

DOCUMENT REQUEST NO. 1 - UTAH O: All documents related to the claims raised by the State, as admitted by the Board, in Contention O.

RESPONSE TO DOCUMENT REQUEST NO. 1 - UTAH O:

See responses to documents requests below. In addition, the State has produced to the Applicant all relevant no-privileged documents.

DOCUMENT REQUEST NO. 2 - UTAH O: All documents, data or other information generated, reviewed, considered or relied upon by any expert or consultant in connection with assisting the State with respect to Utah Contention O.

RESPONSE TO DOCUMENT REQUEST NO. 2 - UTAH O:

In addition to non privileged documents already produced, the State has reviewed, considered and relied upon the license application submittal, as amended, responses to RAIs and documents produced by PFS. The State documents that the