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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DOCKETED
USNRC

'00 JUL 26 AM 10:25

In the Matter of:
PRIVATE FUEL STORAGE,
L.L.C.
(Independent Spent Fuel
Storage Installation)

) Docket No. 72-220
) ASLBP No. 97-732-02-ISFSI
) ADJ.

COPY

U.S. Nuclear Regulatory Commission
Sheraton Hotel

150 West 500 South, Wasatch Room

Salt Lake City, Utah 84101

Wednesday, June 21, 2000

The above-entitled matter came on for hearing,
pursuant to notice, at 9:00 a.m.

BEFORE:

THE HONORABLE G. PAUL BOLLWERK, III
Administrative Judge
Atomic Safety & Licensing board Panel

DR. JERRY R. KLINE
Administrative Judge
Atomic Safety & Licensing board Panel

DR. PETER S. LAM
Administrative Judge
Atomic Safety & Licensing board Panel

DOCKETED
USNRC

August 8, 2005 (1:00pm)
OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

1 APPEARANCES:

2

3 FOR THE STATE OF UTAH, ATTORNEY GENERAL'S OFFICE::

4

Denise Chancellor, Esq.
Connie Nakahara, Esq.
ASSISTANT ATTORNEY GENERAL
Office of the Attorney General
160 East 300 South, 5th Floor
P.O. Box 140873
Salt Lake City, UT 84114

8

9

Diane Curran, Esq.
HARMON, CURRAN, SPIELBERG &
EISENBERG, LLP
Attorneys at Law
1726 M Street, N.W., Suite 600
Washington, D.C. 20036

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13 FOR THE PRIVATE FUEL STORAGE, L.L.C.:

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20 FOR THE SKULL VALLEY BAND OF GOSHUTE INDIANS:

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Danny Quintana, Esq.
Danny Quintana & Associates, P.C.
50 West Broadway, Fourth Floor
Salt Lake City, UT 84101

1	State's Exhibit 21 - Memorandum of Understanding, PFS and Holtec _____	2088	2089
2			
3	State's Exhibit 31 - NEIL Primary Policy for April 1, 2000 _____	--	1954
4			
5	State's Exhibit 33 - Spent Fuel Throughputs and Shipments _____	2032	2033
6			
7	State's Exhibit 34 - Page 30 and 31 of 118, PFS Business Plan, 7/8/98 _____	2112	2113
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P R O C E E D I N G S

[9:05 a.m.]

1
2
3 JUDGE BOLLWERK: Good morning, everyone.
4 We're here for the third day of the Private Fuel
5 Storage evidentiary hearing.

6 And yesterday we've completed the state's
7 cross-examination of Mr. Parkyn on construction
8 estimates, construction cost estimates, and we're ready
9 to do the staff's cross-examination.

10 Before we move to that, though, let me
11 mention again that this is a proprietary session. It's
12 closed. I think everyone's be checked at the door.
13 Again, I'd ask you to be vigilant. If you see someone
14 who doesn't appear to belong in some way, please let me
15 know. But I don't think we've had any problems to this
16 point.

17 A couple of administrative matters. We had
18 some exhibits. I don't know if those are ready to be
19 acted on or --

20 MR. GAUKLER: Yes, they are, Your Honor.
21 With respect to PFS Exhibit H, which was the revisions
22 to the SAR Chapter 2.2 concerning military aircraft
23 training issues, we have confirmed that the version of
24 the SAR that was sent to Neil is SAR Revision 10 which
25 is the revision that we had proffered to the Board. So

1 that is the correct version of the SAR to put into the
2 record.

3 JUDGE BOLLWERK: All right.

4 MR. GAUKLER: I'd like to identify for the
5 record now PFS Exhibit H which is SAR Chapter 2,
6 Revision 9, page 2-I, and then we go to the second page
7 is page 2.2-2. The next page is 2-2.3, and it's
8 continuous up through page 2.2-23. I would identify
9 that for the record as PFS Exhibit H.

10 JUDGE BOLLWERK: All right. Let the record
11 reflect that this document as described by counsel has
12 been marked for identification as PFS Exhibit H.

13 [Applicant's Exhibit H was
14 marked for identification.]

15 MR. GAUKLER: And then I would move for its
16 admission, not for the truth of the matters stated
17 therein but for identifying the material that Neil had
18 before it at the time it considered its letter to John
19 Parkyn.

20 JUDGE BOLLWERK: All right. Any objection?

21 MS. NAKAHARA: No objection.

22 MS. MARCO: No objection.

23 JUDGE BOLLWERK: All right. Then the
24 Exhibit H, then, is received in evidence for the
25 purposes stipulated.

1 And we need to give the court reporter three
2 copies.

3 MR. GAUKLER: I thought we'd given them
4 yesterday.

5 [Applicant's Exhibit H was
6 received into the record.]

7 (A discussion was held off the record.)

8 JUDGE BOLLWERK: All right. Anything else,
9 then?

10 MR. GAUKLER: There was State Exhibit 31
11 which I believe the state has marked up and is ready to
12 be admitted.

13 JUDGE BOLLWERK: All right. Ms. Nakahara?

14 MS. NAKAHARA: Yes. We've conferred with
15 counsel for PFS and counsel for the staff, and they've
16 agreed to the markup.

17 And I thank Mr. Gaukler for making copies
18 for us.

19 JUDGE BOLLWERK: All right. Can you just
20 described how you've marked it so I can go ahead and
21 get my copy conformed, as it were?

22 MS. NAKAHARA: Okay. Basically on the first
23 page, Roman numeral i, we put the side-bar by Neil
24 Primary Policy for April 1, 2000 at the very top, and
25 the title Nuclear Electric Insurance Limited,

1 Wilmington, Delaware --

2 JUDGE BOLLWERK: All right.

3 MS. NAKAHARA: -- Primary Property and
4 Decontamination Liability Insurance Company.

5 JUDGE BOLLWERK: So it's basically that
6 heading at the top is what you're --

7 MS. NAKAHARA: Yes.

8 JUDGE BOLLWERK: Okay.

9 MS. NAKAHARA: And then on page iii, Roman
10 numeral iii, it's basically the title Nuclear Electric
11 Insurance Limited.

12 JUDGE BOLLWERK: All right.

13 MS. NAKAHARA: And then the Primary Property
14 and Decontamination Liability Insurance Policy --

15 JUDGE BOLLWERK: Okay.

16 MS. NAKAHARA: -- Table of Contents.

17 JUDGE BOLLWERK: All right.

18 MS. NAKAHARA: And then moving down to
19 capital I for Roman numeral III, Section B, just the
20 War Risk Exclusion has the side-bar.

21 JUDGE BOLLWERK: Okay. So III under
22 Exclusions, just B. Not the whole exclusion but just
23 No. B?

24 MS. NAKAHARA: Just B.

25 JUDGE BOLLWERK: Okay.

1 MS. NAKAHARA: And on the next page, on
2 Roman numeral iv, under Section Roman numeral VIII,
3 Definitions, side-bar for the entire scope of the
4 definitions --

5 JUDGE BOLLWERK: Okay.

6 MS. NAKAHARA: -- A through O.

7 JUDGE BOLLWERK: All right. Okay.

8 MS. NAKAHARA: Moving to page 8, starting
9 with Section D, War Risk Exclusion, the side-bar to the
10 end of the page, following through on page 9 for
11 Sections (a) and (b) at the top of the page.

12 And going to page 23, Section Roman numeral
13 VIII, Definitions, side-bar to the end of the page,
14 going over to page 24, a side-bar for all of page 24
15 and going over to page 25, a side-bar for page 25.

16 JUDGE BOLLWERK: All right. That's it,
17 then?

18 MS. NAKAHARA: Yes.

19 JUDGE BOLLWERK: All right. Does that
20 conform with everybody's understanding then?

21 All right. Then if you want to go ahead and
22 move its admission, you can certainly do so.

23 MS. NAKAHARA: I guess I should do that
24 first. I request that State's Exhibit 31 be admitted
25 into evidence.

1 JUDGE BOLLWERK: As marked?

2 MS. NAKAHARA: As marked.

3 JUDGE BOLLWERK: As marked.

4 Any objections?

5 MR. GAUKLER: No objections.

6 JUDGE BOLLWERK: All right. Then the record
7 should reflect that State's Exhibit 31 has been
8 admitted into evidence with the markings as described
9 by Ms. Nakahara, those portions of it that are marked.

10 [State's Exhibit 31 was
11 received into the record.]

12 MR. TURK: Your Honor?

13 JUDGE BOLLWERK: Yes.

14 MR. TURK: Is it possible to ask that the
15 state provide us with a copy of the markup, not
16 necessarily now but -- thank you. All right.

17 JUDGE BOLLWERK: All right. Then any other
18 administrative matters we need to deal with here before
19 we move back to Mr. Parkyn?

20 All right. Then Mr. Parkyn is here.

21 If you'd like to take a seat at the witness
22 table.

23 I should mention that today we'll try to
24 have lunch right around noontime as opposed to
25 two o'clock. We'll shoot for that.

1 All right. Mr. Parkyn, I would remind you,
2 sir, that you remain under oath.

3 THE WITNESS: All right.

4

5

JOHN D. PARKYN

6 was called as a witness on behalf of the Applicant,
7 having been previously duly sworn, was further examined
8 and testified as follow:

9

10

CROSS-EXAMINATION

11

BY MS. MARCO:

12

Q. Good morning. I'm Catherine Marco, counsel
13 for NRC staff, and I have a few questions for you
14 today.

15

My first set of questions are not on the
16 plan as distributed to the Board, they relate to
17 questions that came up yesterday.

18

(A discussion was held off the record.)

19

Q. (By Ms. Marco) Okay. First of all, how is
20 your schedule for the completion of the design and the
21 receipt of bids affected if the NRC licensing process
22 is not concluded by late fall 2001?

23

A. Okay. Let me see. Just restating,
24 basically my schedule for completion of detail design
25 and receipt of bids?

1 Q. Yes.

2 A. Okay. Right now we've started the process
3 of detail design so that it would be completed early
4 enough next year so that we can go out for receipt of
5 bids. What we will have to do, of course, is certainly
6 follow very close to the licensing process so that we
7 do not receive all of those bids with a certain amount
8 of time limitation on them and then not be able to
9 exercise them, or everything would have to be rebid.
10 So it's tied somewhat to watching very carefully the
11 license process, realizing that's never fixed in stone.

12 Q. But you do anticipate that if it does
13 extend, then you would rebid?

14 A. We would either have to avoid the initial
15 bid or rebid. The main concern is that we're talking
16 about local contractors, you know, people who would do
17 the actual electrical and mechanical work. And I'm
18 sure there's firms of different sizes, but there's a
19 considerable amount of effort that goes in when a firm
20 puts a bid together because they have to guarantee the
21 results. And it's not really fair to them to go back
22 multiple times, so we'll have to be very careful about
23 that so we don't put a lot of stress on people who may
24 want to build the project with multiple bids, because
25 those who don't succeed have spent that money and never

1 get it back.

2 Q. Okay. Yesterday you talked about a
3 transportation yoke. What is a yoke?

4 A. Basically the transportation yoke is --
5 we'll call it a piece of metal hardware that is affixed
6 to the railcar that supports the cask. The cask is
7 designed with its impact limiters to your Part 71
8 standards, and it has to be supported in an appropriate
9 way on the railcar so it's not sitting on the railcar.
10 It's basically supported by the yoke which is attached
11 to the railcar.

12 Q. And is the same yoke reused for each
13 shipment?

14 A. Yes.

15 Q. Do you expect the impact limiters to be
16 reused for each shipment?

17 A. Yes.

18 Q. And are they ever removed from the
19 transportation vehicle, the train?

20 A. I believe, if I recall the design correctly,
21 they have to be to place the cask. I think the
22 mechanism -- the sequence would be to -- to put the
23 loaded fuel cask on the car and then install the impact
24 limiters to shield it around it --

25 Q. Okay.

1 A. -- so you would no way bump them or damage
2 them.

3 Q. Yesterday there were a number of questions
4 regarding the breached canister overpack. Is it true
5 that a breached canister is a noncredible event?

6 A. That's true.

7 Q. And yesterday you explained that the short
8 line locomotive will take the empty casks away from the
9 facility.

10 A. Yes.

11 Q. And my question is can you explain what will
12 take the loaded cask to the facility on the lower
13 railhead?

14 A. Okay. The intent would be that the main
15 line locomotives that we addressed yesterday would pull
16 a unit train that would be handling only spent fuel all
17 the way, where possible, from the reactor itself, the
18 shipper, to the site, so when it reached the low
19 railhead it would continue down the short line as an
20 intact train. So it would be the main line locomotives
21 that would normally deliver the loaded casks.

22 Q. Okay. Can you walk me through the process
23 for how the casks will get into the CTB and then out
24 again and on its way? What will transfer it in each
25 step?

1 A. Okay. Well, basically the transportation
2 casks or, in the Holtec terminology, the HI-STORM,
3 would come in from a reactor site, as many of them that
4 might be in the shipment, but for the case of this,
5 let's just say one. It would be positioned in the high
6 bay in the canister transfer building so that the
7 overhead crane could basically lift it.

8 Then the vehicles around it are removed
9 before that process, so you'd back it in essentially to
10 the locomotive, and then you have to fixe its wheels
11 essentially with wheel stops in the proper position.
12 Then you rotate it so it's vertical, remove its top,
13 which is bolted on, so that you're in position to reach
14 the canister which is inside of it loaded with fuel.

15 Then you are going to be lifting, using the
16 crane, the canister into what's called the transfer
17 cask, or the brand name that we've used is HI-TRAK
18 because they happen to be Holtec and that's kind of the
19 brand name we've been using here, the brand name, and
20 that provides shielding for that canister while it's in
21 that canister transfer building. And you effectively
22 lift it up, checking it for contamination during the
23 lift, into the HI-TRAK or transfer cask.

24 Then you're in a position to move it down
25 the bay and set it in one of our -- I believe we have

1 four work bays. We will then put it in its on-site
2 storage cask. So then you're going to be moving it
3 down from the transfer cask into the HI-STORM, as it's
4 called in the Holtec terminology, storage cask. So
5 then you have a package there that has the loaded
6 canister with its on-site storage cask ready to move
7 out to its pad. You have the transfer casks which are
8 then moved out of the way.

9 You can then, after you've checked it for
10 contamination and ensured it's ready, put a new empty
11 canister back in the transportation cask, rotate it
12 back to the horizontal position, put the head back on
13 it, and it would be ready for shipment to another
14 reactor site.

15 Meanwhile, at the Utah site, basically the
16 crawler or fuel hauler, which is either a tractor or
17 wheeled vehicle, would come and pick up the loaded fuel
18 canister in its storage cask and move it out to the
19 predetermined position on the predetermined pad, sit it
20 there -- set it there, and then basically staff would
21 hook up the thermocouple connections for permanent
22 monitoring. And then other than routine inspections to
23 ensure that the passive ventilation is open and clear,
24 it could sit there unattended permanently.

25 Then the casks, transportation casks, would

1 be short lined with locomotives or whatever device, is
2 hauled back to the main line when a train is coming
3 along to pick it up to send it to whichever reactor
4 it's going to.

5 Q. And when does the main line train depart
6 with the loaded cask?

7 A. Now, if you're thinking loaded with fuel,
8 those --

9 (A discussion was held off the record.)

10 Q. (By Ms. Marco) Does the main line
11 locomotive leave immediately after it --

12 A. No. What will normally happen -- it depends
13 on the shipping schedules of the individual reactors.
14 And the main line locomotives are paired, as I
15 mentioned yesterday, in case one would ever fail in
16 operation. So normally you might send casks or
17 canisters, empty canisters within the transportation
18 casks, over a period of time to a reactor site so they
19 have time to load and certify the loading. And then
20 when you have several of them ready and loaded to ship
21 to the site, then you would dispatch the main line
22 locomotives, the buffer cars and the security car,
23 actually make the train up at the reactor site so it's
24 an integral unit train before it would move on the main
25 line from the reactor site headed east or west,

1 whichever the case may be.

2 Q. Okay. Yesterday you answered questions
3 associated with Section 3 of your testimony that had to
4 do with the administrative and operating costs?

5 A. That's correct.

6 Q. And in those -- in that section you
7 discussed host payment and licensing fees; is that
8 correct?

9 A. Yes.

10 Q. Do you consider these costs to be
11 construction costs?

12 A. I believe, for the conditions outlined in
13 the proposed license condition, they would be.

14 Q. So do you deem these costs to be part of the
15 showing you will make to the NRC regarding satisfaction
16 of the first license condition?

17 A. Yes, I do.

18 Q. Do you anticipate a need to construct a
19 batch plant for concrete to be poured into the
20 overpacks?

21 A. We anticipate the construction of a batch
22 plant that would be used both for construction of site
23 structures, pads, and then would be usable for
24 preparation of the concrete to complete construction of
25 the on-site storage casks, or in the case, the HI-STAR.

1 It would be the same batch plant, but, yes, we do
2 anticipate a batch plant.

3 Q. And what is the estimated cost of
4 constructing the batch plant?

5 A. I'm not familiar with that number. I might
6 mention, however, it was included in the cost of the
7 concrete that was part of the construction estimate. I
8 just don't know its stand-alone number.

9 Q. Beyond the batch plant, do you anticipate
10 any capital equipment that would be necessary to
11 complete the storage overpacks?

12 A. No.

13 Q. Under the heavy haul option, the ITF option,
14 would the heavy haul trucks and the road improvements
15 and the other capital costs associated with this option
16 cost more or less than the estimated construction costs
17 for the low rail corridor?

18 A. Less.

19 Q. [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 A. [REDACTED]

23 Q. Are you familiar with the DOE's, the
24 Department of Energy's, dry transfer system?

25 A. Yes, I am.

1 Q. Please explain the difference, if any,
2 between the dry transfer system that PFS intends to
3 purchase and the DOE's dry transfer system.

4 A. The DOE's pilot dry transfer system is
5 somewhat site dependent. In other words, it is more
6 structure oriented than the approach that we hope to
7 take. In other words, what we are looking for is a
8 very portable dry transfer system. I would properly
9 characterize it more as a dry transfer cask. The
10 phrase "system" implies a lot of facility systems and
11 structures that I don't foresee a need to construct.

12 But that will be up to the vendors who are
13 making these proposals to us and then ultimately to the
14 NRC who would have to consider its certification. It
15 should be more similar in type to the one used at Three
16 Mile Island, the one used by the naval programs, the
17 one used at Big Rock Point, Hallam, Nebraska, rather
18 than the prototype the DOE program uses.

19 Q. So is it fair to say that the DOE dry
20 transfer system is much more complex than the one you
21 anticipate?

22 A. Yes, it is.

23 Q. Now, the Great Salt Lake & Southern
24 Railroad, this is a recently formed entity, correct?

25 A. Yes. It was incorporated last fall and

1 filed with the Service Transportation Board for
2 permission to construct and operate in January of this
3 year.

4 Q. Are you going to shift any of the costs of
5 the rail spur construction from PFS to this Great Salt
6 Lake & Southern Railroad?

7 A. Costs of construction?

8 Q. Construction costs?

9 A. No.

10 Q. How would you know if you were encountering
11 difficulties regarding the design or the procurement of
12 the dry transfer system?

13 A. Well, what we've done is assemble a group of
14 people from our member utilities who have very high
15 levels of technical background, including one who was
16 employed in the use of dry transfer successfully, not
17 in a test case, but with actual fuel. So our technical
18 committee and our staff will watch it quite close as we
19 go through the procurement of a vendor and the design
20 of it.

21 So we feel that we have an awful lot of
22 people within PFS who have had pretty extensive fuel
23 handling. And I've shipped from two reactors -- two
24 reactor sites off and in one case on. So all of us are
25 going to try to stay very intimately involved with all

1 of this equipment to make sure that we have success
2 right from the beginning.

3 Q. So is it fair to say that you would
4 recognize promptly any cost escalation difficulties?

5 A. Oh, definitely.

6 MS. MARCO: I don't have any further
7 questions.

8 JUDGE BOLLWERK: All right. Any redirect?

9 MS. MARCO: Well, actually, I may have some.

10 JUDGE BOLLWERK: All right.

11 MR. TURK: Can we go off the record for a
12 moment?

13 JUDGE BOLLWERK: Yes.

14 (A discussion was held off the record.)

15 JUDGE BOLLWERK: All right. Ms. Marco, you
16 indicated you had another question.

17 MS. MARCO: We did not.

18 JUDGE BOLLWERK: All right. Any redirect?

19 MR. SILBERG: I believe Mr. Parkyn wanted to
20 correct one of his prior answers to --

21 JUDGE BOLLWERK: All right.

22 THE WITNESS: Just one correction on
23 position of the actual transferring to the HI-STORM.
24 That is in the cell after you've moved it with the
25 crane, so it's actually passing through the transfer

1 cask in that fuel cell rather than over in the high
2 bay.

3 JUDGE BOLLWERK: All right.

4 * * *

5

6 REDIRECT EXAMINATION

7 BY MR. SILBERG:

8 Q. Mr. Parkyn, I believe in response to a
9 question from Ms. Marco you indicated that the breached
10 canister overpack was not included, and I think you
11 answered her question as to whether you considered it a
12 noncredible accident. Has PFS indicated in its Safety
13 Analysis Report why that accident was deleted from its
14 Safety Analysis Report and why the breached canister
15 overpack was deleted?

16 A. Yes, it did in Revision 7. If I can just
17 quote, it's Section 8.2.7.4, Recovery Plan for a
18 Hypothetical Canister Breach. "This section has been
19 removed in accordance with the NRC's Interim Staff
20 Guidance-3 (ISG-3, Reference 38), which indicates that
21 recovery from non-mechanistic failures of the
22 confinement boundary by such means as overpacks or dry
23 transfer systems would not be considered and evaluated
24 in the licensing process."

25 MS. CHANCELLOR: Your Honor, point of

1 clarification. What is Mr. Parkyn reading from?

2 Are you reading from something, Mr. Parkyn?

3 THE WITNESS: Yeah, the SAR.

4 MR. SILBERG: Please give us the reference
5 to that.

6 THE WITNESS: Yes. Again, it's Revision 7.
7 It's page 8.2-43, Section 8.2.7.4. It's only a short
8 paragraph.

9 MS. CHANCELLOR: Thank you.

10 JUDGE BOLLWERK: Are you planning on marking
11 this?

12 MR. SILBERG: No. I can if the Board would
13 like. I didn't think it was necessary.

14 JUDGE BOLLWERK: Under the circumstances,
15 would you prefer --

16 MS. CHANCELLOR: I'd prefer it to be entered
17 if he's going to read from it.

18 JUDGE BOLLWERK: He's basically read the
19 substance of it, so let's go ahead and mark it. Do you
20 have enough copies? Let's just mark it and put it in.

21 MR. SILBERG: While we're marking that, let
22 me ask another question.

23 Q. Ms. Marco asked you, Mr. Parkyn, about the
24 concrete batch plant and whether you anticipated there
25 would be one on site. Would that batch plant be paid

1 for directly by PFS or would that be paid for by a
2 contractor as part of a contract to supply the concrete
3 for the site?

4 A. Well, normally a contractor would provide
5 it. It's -- it's part of the cost of the concrete.
6 They'll quote you the price basically per yard. In
7 this particular case, then, the contractor could
8 operate it in subsequent years to prepare the concrete
9 to fill the -- the HI-STORMS.

10 Q. So it would be a batch plant that would be,
11 in essence, constructed by the contractor as part of
12 his overall contract?

13 A. That's correct.

14 MR. SILBERG: Thank you.

15 If we could, we'll mark the exhibit.

16 MR. GAUKLER: I'd like to mark as PFS
17 Exhibit I, page 8.2-43 of the PFS Safety Analysis
18 Report.

19 JUDGE BOLLWERK: This is Revision 7?

20 MR. GAUKLER: Of Revision 7.

21 JUDGE BOLLWERK: All right. Let the record
22 reflect that PFS Exhibit I as described by Mr. Gaukler
23 has been marked for identification.

24 [Applicant's Exhibit I was
25 marked for identification.]

1 MR. GAUKLER: And we'd like to move for its
2 admission.

3 JUDGE BOLLWERK: Any objection?

4 MS. CHANCELLOR: No objection, Your Honor.

5 JUDGE BOLLWERK: All right. Then PFS
6 Exhibit I is received into evidence.

7 [Applicant's Exhibit I was
8 received into the record.]

9 (A discussion was held off the record.)

10 Q. (By Mr. Silberg) Yesterday, Mr. Parkyn, you
11 discussed the basis for your calculation of the [REDACTED]
12 [REDACTED] per KTU transportation cost
13 allowance, and I believe you indicated that that was
14 based on shipping of no more than two casks at a time.
15 Was that two-cask assumption a conservative assumption?
16 In other words, did it overestimate the costs that you
17 would expect to be incurred in transportation?

18 A. Yes, it was.

19 Q. We had some discussion both yesterday and
20 today about the yoke. Is the cost of the yoke included
21 in your cost estimate, and if so, could you tell us
22 where?

23 A. Yes, it is included. Let me find that.

24 It happens to be Question and Answer 22,
25 which is page 7.

1 Q. And the cost of the yoke is included in the

2 [REDACTED]

3 A. Yes, yes, it is.

4 Q. -- each?

5 A. That's the sum total of the bid for the
6 railcar and the estimated construction costs for a
7 yoke. And as they would stay together, we just treated
8 that as a railcar with its attendant hardware.

9 Q. Thank you.

10 Yesterday there was a discussion on the
11 maintenance costs for the locomotives. How would those
12 costs be accounted for and where do they appear in your
13 cost estimate, if they appear?

14 A. [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 Q. [REDACTED]
21 [REDACTED]

22 A. [REDACTED]

23 Q. Yesterday there was also some discussion
24 about the cask hauler that was used at the Plant Hatch,
25 Southern Nuclear's Plant Hatch, and I believe there was

1 some questioning about the distance that that cask
2 hauler had to travel to move casks from wherever the
3 casks were loaded out to the pad. Does the distance
4 that a cask hauler has to move spent fuel storage casks
5 affect the cost of the cask hauler that you have
6 estimated?

7 A. No, it wouldn't.

8 Q. So that the costs of the cask haulers at
9 Plant Hatch, it is your belief, would provide a
10 reasonable basis for your estimate of the cost for cask
11 haulers for PFS?

12 A. Yes.

13 Q. With respect to the breached canister
14 accidents, we had a series of questions yesterday. Is
15 there any regulatory requirement for breached canister
16 overpacks?

17 A. Not that I'm aware of.

18 Q. Are there any circumstances where a breached
19 canister could not be shipped back from PFS to its
20 point of origin because of the condition of the
21 canister?

22 A. No. You would -- as long as you use the
23 appropriate license for transportation casks.

24 Q. And is such a transportation cask the
25 transportation casks that PFS would have?

1 A. Yes.

2 Q. What in your estimate is the likelihood of a
3 breached canister?

4 A. I don't foresee any breached canisters.

5 Q. And what, in your estimation, is the
6 likelihood of having a transportation cask on site in
7 order to ship a hypothetical breached canister back to
8 its origin?

9 A. Well, if the only hypothesized potential to
10 ever have a breached canister is unloading it,
11 effectively, from the shipping cask, you would
12 generally always have one there at the same time.

13 Q. Because it would be the shipping cask in
14 which the canister arrived?

15 A. Correct.

16 Q. With respect to host payments, there was
17 discussion yesterday with respect to whether or not
18 those payments are escalated in your cost estimate.
19 The host payments in your testimony, in what year
20 dollars are those provided?

21 A. Those payments are 1977 -- 1997 dollars.

22 Q. Okay.

23 A. The years are slipping.

24 Q. And why aren't those escalated in your
25 testimony?

1 A. Because my testimony basically was
2 consistent in -- in the dollars. That's part of a
3 signed agreement that has its escalation clause built
4 in, and the revenue to pay it also has an escalator.

5 Q. And you do in your testimony provide for
6 escalation; is that correct?

7 A. That's correct.

8 MR. SILBERG: Those are all the questions I
9 have.

10 JUDGE BOLLWERK: Any recross?

11 MS. CHANCELLOR: Yes, Your Honor.

12 RE CROSS-EXAMINATION

13 BY MS. CHANCELLOR:

14 Q. Mr. Parkyn, with respect to the construction
15 schedule, isn't it true that in the emergency --
16 environmental -- PFS's environmental report that PFS
17 still has the construction schedule as starting in
18 September of 2000?

19 MR. SILBERG: Excuse me. I would object to
20 that. It seems to go beyond the scope of
21 cross-examination or -- or beyond the scope of
22 redirect.

23 MS. CHANCELLOR: Ms. Marco asked Mr. Parkyn
24 about delays in the construction schedule because
25 of delays in the design and the bid, and it dealt with

1 the construction schedule. I'm trying to ascertain
2 when PFS actually anticipates that it will begin
3 construction, given that there's a conflict in the
4 environmental report and Mr. Parkyn's testimony.

5 MR. SILBERG: There was absolutely no
6 cross-examination on that topic, and it's not clear
7 that you can cross on another party's cross.

8 JUDGE BOLLWERK: The cross is only as to his
9 redirect, not as to their cross-examination.

10 MS. CHANCELLOR: I can't ask any questions
11 with respect to Ms. Marco's cross?

12 JUDGE BOLLWERK: Generally you're talking
13 about cross deals with questions on redirect, not her
14 cross-examination.

15 I'll hear arguments from anybody else. Does
16 the staff have anything they want to say about it?

17 MR. SILBERG: If it's a simple one or two
18 questions, I don't mind it being answered.

19 JUDGE BOLLWERK: All right.

20 MR. SILBERG: But it seems to me we're going
21 to have a totally different path.

22 MS. CHANCELLOR: For example, there's a
23 conflict in Mr. Parkyn's testimony between the
24 questions that he answered on cross and those questions
25 he responded to Ms. Marco. There's also new

1 information.

2 JUDGE BOLLWERK: All right. Based on the
3 record, let's -- we'll go ahead and allow the question
4 at this point. If there's confusion in the record, I
5 think we need to clarify that.

6 So anything the staff wants to say on this
7 point?

8 MS. MARCO: That's fine. They can ask the
9 question.

10 JUDGE BOLLWERK: All right. Let's go ahead
11 and allow the question.

12 Q. (By Ms. Chancellor) Mr. Parkyn, the
13 environmental report states that the construction's
14 start date is September of 2000, yet in your testimony
15 you stated that the construction start date would be in
16 fall of 2000 -- 2000 and --

17 MR. SILBERG: 1.

18 Q. (By Ms. Chancellor) -- and 1.

19 A. And I believe you're aware that it requires
20 a license to proceed with this and that you're
21 addressing the licensing document when you're talking
22 about that application which we submitted to the U.S.
23 Nuclear Regulatory Commission in 1997. The Nuclear
24 Regulatory Commission, through the licensing process,
25 and the Atomic Safety and Licensing Board, in effect,

1 sets the schedule, not PFS. They just put their
2 hypothetical one in as to what they felt they could
3 attain as far as the license application.

4 Q. Isn't it correct that the license
5 application has undergone 12 revisions?

6 MR. SILBERG: Mr. Chairman, I simply don't
7 understand why this is at all relevant to Mr. Parkyn's
8 testimony and why this wasn't raised in the state's
9 cross. If they want to get into every purported
10 inconsistency between three-year-old documents and the
11 current situation, you know, we're going to be here for
12 a long time that I don't think anyone planned on for
13 this piece of testimony.

14 MS. CHANCELLOR: Your Honor, the license
15 application is not a cast-in-stone document. It has
16 undergone various revisions. And there have been eight
17 revisions -- there's Revision 8 to the emergency
18 environmental report, and the state has -- is limited
19 to raising issues and bringing forward new contentions
20 based on the application. I'm just trying to
21 understand if this application is outdated and that, in
22 fact, PFS intends to begin construction or if there is
23 some -- if there's something in this schedule under the
24 environmental report that PFS may think that it can
25 begin some sort of construction prior to its getting a

1 license, site clearing, I don't know, access roads.

2 I'm just trying to establish that -- that
3 Mr. Parkyn agrees that the construction schedule in the
4 environmental report has been superseded by his
5 testimony.

6 MR. SILBERG: We will so stipulate.

7 MS. CHANCELLOR: Thank you. I will accept
8 it.

9 Well, Mr. Parkyn -- I'm not asking
10 Mr. Silberg, I'm asking Mr. Parkyn.

11 MR. SILBERG: The party has stipulated.

12 JUDGE BOLLWERK: The stipulation is
13 that -- just so it's on the record -- that --

14 MR. SILBERG: That we are not starting
15 construction in February 2000.

16 MS. CHANCELLOR: And that you won't start
17 construction until after license issuance?

18 MR. SILBERG: Correct.

19 MS. CHANCELLOR: Any construction? Okay.

20 MR. SILBERG: Any construction not permitted
21 by the NRC. If you define construction as detailed
22 design, then I can't agree with that.

23 MS. CHANCELLOR: Okay. I'll accept
24 Mr. Silberg's stipulation.

25 JUDGE BOLLWERK: All right. Has that

1 problem gone away? All right.

2 MS. CHANCELLOR: Yes.

3 Q. Mr. Parkyn, on cross-examination you stated
4 that the -- if you were to make a showing today to the
5 NRC, that the total construction cost in accordance
6 with Exhibit E would be approximately [REDACTED]
7 is that correct, for Phase I?

8 A. Are you saying that I stated a --

9 Q. No. In -- when we were -- during your
10 testimony yesterday, during my cross-examination of
11 you, isn't it correct that you testified that the total
12 construction cost for Phase I, if you had to make that
13 showing today, if you had received a license, would be
14 [REDACTED]? Is that correct?

15 MR. SILBERG: I object on the grounds that
16 that misstates the testimony.

17 MS. CHANCELLOR: I'm trying to establish,
18 Your Honor, that yesterday Mr. Parkyn stated that if he
19 were -- if PFS were required to make a showing, that it
20 would be this [REDACTED], and that it doesn't
21 include the -- the cost as enunciated in Mr. Parkyn's
22 testimony in Roman numeral III of his testimony on
23 pages 13, 14 and 15. There seems to be a conflict in
24 his testimony.

25 Q. And I'm trying to establish -- isn't it true

1 that in your testimony yesterday you stated that the
2 total construction costs for Phase I would be as stated
3 in Exhibit E, Phase I, [REDACTED]?

4 MR. SILBERG: I would object. I think it
5 mischaracterizes the testimony. And now she's
6 recrossing on her own cross-examination. I really
7 think --

8 JUDGE BOLLWERK: I guess my question is
9 where is this going in terms of the redirect?

10 MS. CHANCELLOR: I'm trying to establish
11 that these grey zone costs, whether they are -- whether
12 Mr. Parkyn now believes they are construction costs
13 based on his response to Ms. Marco's question.

14 MR. SILBERG: Mr. Parkyn testified that he
15 would include those costs identified in Roman III of
16 his testimony in making the showing under Condition 1.
17 He didn't say he considers those construction costs as
18 you might define that term, and it's irrelevant.

19 MS. CHANCELLOR: Yesterday Mr. Parkyn stated
20 that for purposes of License Condition 1, the figure
21 was 100 -- was as stated in Exhibit E, [REDACTED]

22 MR. SILBERG: We believe that that
23 mischaracterizes the testimony yesterday.

24 MS. CHANCELLOR: Can I establish with
25 Mr. Parkyn what he -- that he does, in fact, now

1 testify that the total construction costs that the --
2 for the showing in License Condition 1, the estimated
3 amount that PFS needs to make a commitment to the NRC
4 staff, is now increased by [REDACTED]

5 MR. SILBERG: And that's what he testified,
6 not that it was increased, that that is the showing he
7 will make. He never said yesterday that the showing
8 was [REDACTED], and you never asked that question
9 yesterday.

10 MS. CHANCELLOR: And that the showing that
11 PFS will make is now [REDACTED], approximately --

12 MR. SILBERG: Whatever the sum of Roman II
13 and Roman III is. I haven't added it up.

14 MS. CHANCELLOR: [REDACTED], correct?

15 MR. SILBERG: Roughly.

16 JUDGE BOLLWERK: Does that take -- I mean --
17 has this problem been solved?

18 MR. SILBERG: I hope so. I don't know.

19 JUDGE BOLLWERK: Are you satisfied with that
20 response from Mr. Silberg?

21 MS. CHANCELLOR: I think I'm going to have
22 to be. I mean it now appears that these costs that I
23 didn't ask about in detail, because they weren't going
24 to be considered part of the License 1 showing, it
25 seems like the state is precluded from asking about.

1 MR. SILBERG: On the contrary. You were
2 free to challenge his testimony yesterday. That
3 testimony included Roman III which included the
4 administrative costs, and you were free to ask any
5 questions you wished about that on cross-examination.

6 MS. CHANCELLOR: And I did ask, and I
7 couldn't get satisfaction as to -- these costs, based
8 on the cross-examination yesterday, were somewhere in
9 the ether. They were somewhere between construction
10 and operation. We went round and round on them.

11 MR. TURK: Can we go off the record for a
12 moment?

13 JUDGE BOLLWERK: Yes.

14 MR. TURK: I'd like to suggest that counsel
15 confer for a moment.

16 JUDGE BOLLWERK: That might be a good idea.

17 (A discussion was held off the record.)

18 JUDGE BOLLWERK: Why don't we go back on the
19 record.

20 It seems like everyone's sitting in front of
21 us again, all limbs intact.

22 Mr. Turk, you asked for the recess, so I'll
23 let you say something first.

24 MR. TURK: Yes. It was a pleasant respite,
25 Your Honor.

1 MR. SILBERG: From what?

2 MR. TURK: I would let the other parties
3 continue with their discussions before you.

4 JUDGE BOLLWERK: All right. Well, the
5 question -- I guess there's an outstanding question, or
6 was at one point. I'm not sure I remember what it was.

7 Well, let me go to Ms. Chancellor and see
8 where you're at now.

9 MS. CHANCELLOR: Where we're at, Your Honor,
10 is that my understanding is that PFS will agree that
11 this [REDACTED] in Roman numeral III, associated
12 administrative and operating costs, will be part of the
13 showing that they must make for License Condition 1,
14 and I would just like to get Mr. Parkyn to confirm
15 that.

16 THE WITNESS: Your Honor, I believe that I
17 already said that this morning. Isn't that what the
18 NRC counsel asked and wasn't that my response?

19 JUDGE BOLLWERK: I believe it was. Are you
20 reconfirming it again?

21 THE WITNESS: No. I'll say what I said
22 before --

23 JUDGE BOLLWERK: Okay.

24 THE WITNESS: -- that we'll consider it a
25 part of the license showing.

1 JUDGE BOLLWERK: All right. Thank you, sir.

2 Q. (By Ms. Chancellor) Mr. Parkyn, you
3 testified in answer to Mr. Silberg's question about the
4 breached canister overpack that you'd be able to ship
5 that back -- that that was not needed, is that correct,
6 that breached canister overpacks were not needed at
7 PFS?

8 A. That they're not required, that's correct.

9 Q. And that if there was a problem with a
10 canister that you would ship it back to -- where would
11 you ship it back to?

12 A. The facility that prepared it, packaged it.

13 Q. And you would ship that back in a -- are you
14 talking about Holtec, in a HI-STAR transportation cask?

15 A. That's correct.

16 Q. Aren't there certain guarding events for the
17 HI-STAR transportation cask?

18 A. I'm not sure precisely what the question is.

19 Q. Is it possible that the canister would be
20 damaged in such a way that it may not meet the -- may
21 not comply with the requirements for a HI-STAR
22 transportation cask?

23 A. Without having that license in front of me,
24 I'm not sure specifically what you're referring to, so
25 I don't know exactly how to answer that kind of a

1 hypothetical question.

2 Q. Okay. The issue that you say does not need
3 to be addressed by the breached canister overpack is
4 that if PFS were to -- if a breached canister were at
5 the PFS site, you would use a HI-STAR transportation
6 cask to ship it back to the reactor, correct?

7 A. That's correct.

8 Q. And that a breached -- there could be
9 various ways in which a canister is breached, correct?

10 A. I don't know. I -- I suppose it's
11 hypothetical. A breach usually means that it's -- you
12 know, it's not leak-tight.

13 Q. That the integrity of the canister could
14 vary depending on what caused it to be breached, the --

15 A. You're asking me to speculate. I don't know
16 the answer to that. You know, a breached canister is,
17 in fact, a breached canister. I don't know if you're
18 hypothesizing something I'm not aware. It would be a
19 nonintact canister.

20 Q. How will PFS evaluate whether the breached
21 canister will fit within the certificate of compliance
22 for a HI-STAR transportation cask?

23 A. They would be required to examine it to
24 ensure that it did. They would have a copy of the
25 HI-STAR license and would not be allowed to ship except

1 in accordance with it.

2 Q. And what would happen at the PFS site if the
3 breached canister did not conform with the HI-STAR
4 certificate of compliance?

5 A. Well, if it did not, then you would have to
6 put it in the HI-STAR and leave it on its site until
7 you came in compliance with it.

8 Q. And how would you come in compliance with
9 it?

10 A. It would depend on why you're not in
11 compliance with it.

12 Q. Does PFS have any sort of contingent plans
13 for in the event that a canister -- a breached canister
14 does not conform to the HI-STAR certificate of
15 compliance?

16 MR. SILBERG: Objection. The witness has
17 testified that he cannot conceive of a scenario where
18 there would be a breached canister, so to ask him, Do
19 you have a contingent plan for dealing with a situation
20 that you cannot conceive of, seems to me to be calling
21 for speculation beyond speculation. I think that's an
22 inappropriate question.

23 JUDGE BOLLWERK: Well, I'm going to allow
24 the question. If he wants to answer the question that
25 way, he will do so.

1 Go ahead and answer the question.

2 THE WITNESS: Repeat it, please.

3 MS. CHANCELLOR: Would you read back the
4 question, please?

5 (The question was read.)

6 THE WITNESS: Okay. I guess my response
7 would be do we have something in writing? No. What
8 would we do if we were unable to ship something because
9 of noncompliance with the certificate of compliance?
10 We'd have to tie the HI-STAR up. It would have to stay
11 in the HI-STAR. It's perfectly capable of storing it
12 in place in the HI-STAR.

13 Q. (By Ms. Chancellor) And at the end of PFS's
14 license term, what would happen to that canister stored
15 in the HI-STAR cask?

16 A. In the interim period, you would try to
17 bring it into conformance with the shipping criteria,
18 or that would be an issue for regulatory consideration.

19 Q. What do you mean issue for regulatory
20 consideration?

21 A. It would depend on why it was out of
22 compliance.

23 Q. If a reactor had decommissioned and there
24 was no place to send it back to, would the same
25 situation occur where you would have a canister inside

1 a HI-STAR cask if the canister were breached?

2 A. If the reactor --

3 MR. SILBERG: Could I have the question read
4 back, please?

5 (The question was read.)

6 MS. CHANCELLOR: That's a terrible question.
7 I'll rephrase it, Your Honor.

8 Q. What are PFS's plans if it finds it has a
9 breached canister belonging to a utility that has
10 completely decommissioned its facility?

11 MR. SILBERG: I would object as going beyond
12 the scope of this witness's testimony, which is dealing
13 with construction costs.

14 JUDGE BOLLWERK: And I'm going to sustain
15 that objection.

16 MR. TURK: For the record, Your Honor, I
17 would simply note that just because a reactor has been
18 decommissioned does not mean that it automatically
19 becomes free of an obligation to care for its spent
20 fuel, wherever that may be located, and I'm not sure
21 the question even has a valid premise.

22 MS. CHANCELLOR: I'm moving on, Mr. Turk.

23 Q. You responded to Mr. Silberg about the
24 concrete batch plant and stated that that would be
25 provided by the contractor as part of the concrete

1 costs, correct?

2 A. Yes.

3 Q. And that the contractor may be able to use
4 the concrete batch plant to fill storage casks?

5 A. To make the concrete to fill storage casks,
6 yes.

7 Q. Isn't it true that in your deposition that
8 you testified that PFS may use PFS labor for the
9 storage casks?

10 A. That's correct. It takes both.

11 Q. So the contractor would use the batch plant
12 to make the concrete, and you would use PFS labor to
13 fill the shells for the storage casks?

14 A. Yeah. Basically the contractor would
15 provide the labor to run the batch plant, the vehicles
16 to transport on site, the concrete trucks, rather than
17 bringing it from a further point. They always
18 accompany with a driver, and then the recipient of the
19 concrete always has the crew that works the placement
20 of the concrete, along with the driver. So you would
21 be using site personnel as well as the contractor.
22 Site personnel would not run the batch plant or make
23 the concrete or transport it.

24 Q. Mr. Parkyn, you testified in response to
25 Mr. Silberg's question that the [REDACTED] per

1 kilogram per -- per metric ton for transportation

2 allowance, [REDACTED]

3 [REDACTED]; is that correct?

4 A. That's correct.

5 Q. [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 A. [REDACTED]

10 Q. [REDACTED]

11 A. [REDACTED]

12 Q. [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 A. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 Q. [REDACTED]

20 A. [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

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[REDACTED]

Q. My understanding is that PFS will own this unit train for transporting the casks from the reactor to the PFS facility, correct?

A. That's true.

Q. And will PFS provide the crew for those trains?

A. No. The federal law requires a locomotive operator's license which is specific to a piece of track. So the operating crews for the locomotives are provided by the railroads over which you pass. The only exception I noted to that was Amtrak, and we do not intend to provide operating staff over other railroads. So PFS would provide the security staff in the passenger car, but it would not provide the operating crew.

Q. [REDACTED]

[REDACTED]

A. [REDACTED]

[REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 Q. [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 A. [REDACTED]

14 Q. [REDACTED]

15 [REDACTED]

16 A. [REDACTED]

17 MS. CHANCELLOR: I have no further
18 questions. Thank you.

19 JUDGE BOLLWERK: All right. Any further
20 redirect?

21 MR. SILBERG: No.

22 JUDGE BOLLWERK: All right, then. Board
23 questions? Judge Lam?

24 JUDGE LAM: Mr. Parkyn, in response to
25 Mr. Silberg's question on breached canister, you

1 indicated that you do not believe there will be any
2 breached canister on site; is that correct?

3 THE WITNESS: That's correct.

4 JUDGE LAM: Would you elaborate on that
5 belief in terms of -- do you have any basis or is it
6 just an opinion?

7 THE WITNESS: Well, it's based principally
8 on the preparation of these canisters, the testing
9 before any fuel's put in them. Once they're loaded,
10 you know, they're welded shut, evacuated of all
11 moisture, refilled with an inert gas and tested quite
12 considerably. So you have good canister integrity.
13 Then you put it in the shipping cask, you know, well
14 observed.

15 So based on the process, any canister
16 defects or things that might lead to a breach are
17 watched very carefully under the quality assurance
18 program prior to their being used for spent nuclear
19 fuel, so I don't foresee any event that would cause one
20 to breach.

21 They're in a protective covering, so to
22 speak, throughout their life. The protective
23 covering's the transportation task, the transfer cask.
24 The on-site storage casks mate very closely, so there's
25 not really a way that moving from one to the other is

1 going to cause a breach.

2 So your potential of having a breach is how
3 you package the fuel in there, put the cover on, and
4 that's why you have very high oversight of that
5 process, postfueling testing to ensure that you have
6 integrity.

7 So I personally do not believe that there's
8 going to be some event that's going to cause a breach
9 somewhere else. I think if one would occur, it would
10 occur there.

11 JUDGE LAM: What about incidents during
12 removal of the canister from the shipping cask and
13 doing insertion of it into the transfer cask, and then,
14 again, it needs to be removed from the transfer cask
15 into the storage cask. So there are two removal and
16 two insertions, so to speak. Are there any incidents
17 during that handling process? For example, a canister
18 drop incident, could that happen? If so, you know,
19 what would the consequence be?

20 THE WITNESS: Well, see, one can
21 hypothesize -- that's why basically we have committed
22 to the quality of cranes that we have in this
23 particular insulation, to ensure that we don't have
24 potentials of that.

25 Again, to me, the mating up of these devices

1 so that you have -- you know, the sides are parallel,
2 so there really are no ridges or anything that would
3 hang up the canister, which is done before the
4 transfer's made. It would ensure that there would be
5 no way to damage the outside of the canister. And by
6 having the type of handling equipment that we have, you
7 ensure that you won't have situations of simultaneous
8 drops, where you suddenly drop.

9 We've gone through a great deal of safety
10 research on potential seismic events to also ensure
11 that even if there was something spontaneous like that
12 outside of our control that the crane is not going to
13 allow it to drop.

14 So in my mind, there's a -- and I've been at
15 this for over 30 years. There's a very strong
16 assurance that we will not drop and damage a canister
17 in any way. Therefore, the focus for the potential
18 breached canister needs to be in the packaging and
19 handling.

20 JUDGE LAM: So the scenario I described has
21 been evaluated?

22 THE WITNESS: Yeah. We -- again, that's one
23 of the bases certainly for our commitment to the good
24 cranes.

25 JUDGE LAM: Okay. Let me switch gear to

1 another question. In your prefiled testimony you
2 indicated you had been a chairman of the board for two
3 different banks in the state of Wisconsin.

4 THE WITNESS: That's correct.

5 JUDGE LAM: Is it also correct to assume,
6 then, you had experience in banking and finance?

7 THE WITNESS: Yes, I have some.

8 JUDGE LAM: A central issue here is the
9 financial qualification of the applicant.

10 THE WITNESS: That's correct.

11 JUDGE LAM: Now, would you describe in
12 general terms for this licensing board such as assets
13 and liability, cash flows, earnings, depreciations,
14 return on equity, in these general terms, how will
15 this, or the lack of it, of the applicant's financial
16 qualification.

17 THE WITNESS: I guess now for clarification,
18 are you talking about Private Fuel Storage --

19 JUDGE LAM: Yes.

20 THE WITNESS: -- as separate from the
21 utilities that own it?

22 JUDGE LAM: Yes.

23 THE WITNESS: Compared to an awful lot of
24 businesses to whom -- I can't talk about what the bank
25 does. There are regulations on that. But basically

1 loans look frequently at their business and their
2 viability. And PFS has had an excellent background of
3 receiving funds from its owners. In other words,
4 they've put in equity at each point at which they've
5 needed it. It has no indebtedness whatsoever. It's
6 paid its bills promptly. So if it were given a credit
7 rating per se, it would be very high.

8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
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24 JUDGE LAM: [REDACTED]

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THE WITNESS:

[REDACTED]

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[REDACTED]

JUDGE LAM:

[REDACTED]

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THE WITNESS:

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[REDACTED]

THE WITNESS: [REDACTED]

[REDACTED]

JUDGE LAM: [REDACTED]

THE WITNESS: [REDACTED]

JUDGE LAM: [REDACTED]

[REDACTED]

THE WITNESS: [REDACTED]

JUDGE LAM: [REDACTED]

1 THE WITNESS: [REDACTED]

2 JUDGE LAM: Thank you.

3 JUDGE BOLLWERK: Judge Kline?

4 JUDGE KLINE: Mr. Parkyn, your colleagues
5 who had also testified on construction costs, Gaze and
6 Takacs, characterized their estimates as conceptual in
7 nature. Would you characterize your own estimate the
8 same way?

9 THE WITNESS: Not really.

10 JUDGE KLINE: No? How would you
11 characterize your estimates?

12 THE WITNESS: Well, there's a variety.
13 Obviously, some of the items I've estimated are already
14 in common use throughout the country. So the -- the
15 transportation equipment, if you took the common
16 equipment, the buffer car, the security car, the
17 locomotives, that's something that virtually anyone now
18 can pick up a phone and go to a vendor and receive
19 because they're in service.

20 The cask car originally was conceptual, but
21 we now have a fixed and firm bid from that from a major
22 manufacturer. So what's happened is that most of this
23 has moved into pretty high precision. The first casks
24 have now been delivered in the last few months so we
25 know what the prices of them are. So the only one that

1 has a conceptual price that hasn't been physically
2 fabricated would be the transfer_cask and the dry
3 transfer cask.

4 JUDGE KLINE: So you would think your
5 estimates have a higher level of accuracy than the
6 construction costs we've seen previously?

7 THE WITNESS: Well, I guess I would say that
8 I think mine have a high level of accuracy, yeah.

9 JUDGE KLINE: Okay. You indicated that you
10 have done cost estimating and been involved in
11 construction, say, in the La Crosse reactor at Point
12 Beach. Did you participate in the cost estimates of
13 those projects prior to construction?

14 THE WITNESS: I was involved with La Crosse.
15 Remember, now, La Crosse was built as a dual project.
16 The local utility that's a co-op built the conventional
17 site. The Atomic Energy Commission built and owns the
18 reactor site. So that was pretty much a public
19 process. At Point Beach, that was an investor-owned
20 utility, and I was there during the final
21 construction --

22 JUDGE KLINE: I just want to know are you
23 generally familiar with the cost estimates that were
24 made prior to construction? I don't want to get into
25 the numbers. I just want to know if you know them.

1 THE WITNESS: Oh. At La Crosse, yes. Less
2 so at Point Beach.

3 JUDGE KLINE: All right. There comes a time
4 in a project where it's finally constructed where the
5 construction costs become known precisely after
6 construction; isn't that correct?

7 THE WITNESS: That's true.

8 JUDGE KLINE: Have you had the opportunity
9 to make the comparison for projects that have been
10 completed and when the construction costs are known how
11 well the a priori estimates conformed to the -- or
12 approached the final construction cost when it became
13 known?

14 THE WITNESS: Yes. I've -- I've observed
15 it, you know, over the years.

16 JUDGE KLINE: Okay. And when one goes --
17 can you characterize how well it's been done
18 historically, in your experience? How well does the a
19 priori estimates or do the a priori estimates approach
20 the final estimates when they become known? In other
21 words, how much error is in the estimating process?

22 THE WITNESS: It's somewhat global, the
23 impression, in the sense that it varies so much by the
24 project, the timing of the project. You know, I've
25 been involved -- certainly we have issues with some of

1 our fossil units at the utility I work at. But
2 generally, if you can get a good estimating firm and
3 you have a reasonable time --

4 JUDGE KLINE: Yeah.

5 THE WITNESS: My experience, of course, with
6 nuclear power plants were that many of them extended
7 their construction time, so the cost estimate missed
8 not on the hardware but on the interest during
9 construction.

10 JUDGE KLINE: Sure.

11 THE WITNESS: That's why in this case we've
12 built in certainly margin in our cost estimates to
13 allow for the time it took to get to the licensing
14 process. So I've got a pretty high level of confidence
15 in this. Utilities have generally done pretty well.
16 We're building a combustion turbine right now, and in
17 some ways that's similar. It has about a
18 two-and-a-half-year construction period, and we have a
19 pretty high confidence level. It's where you get
20 things that have seven-, eight-, nine-, ten-year
21 construction periods that you can have quite an impact
22 on accuracy of costs and you need to have more margin.
23 JUDGE KLINE: Okay. What impact does
24 uncertainty in the estimate have on your ability to
25 finance the project?

1 THE WITNESS: It really doesn't have any,
2 because, remember, our revenues are tied to 1997 --

3 JUDGE KLINE: Yeah.

4 THE WITNESS: -- estimate dollars and our
5 service agreements have already escalated, in effect,
6 our revenues. So even if our construction costs had
7 gone up, the service agreements provide concurrent
8 dollars, and therefore, we have a built-in margin
9 against escalation that might have occurred between.

10 JUDGE KLINE: [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 THE WITNESS: [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 JUDGE KLINE: [REDACTED]

21 THE WITNESS: [REDACTED]
22 [REDACTED]

23 JUDGE KLINE: [REDACTED]

24 THE WITNESS: Again, it's up to the utility.
25 One of the key parts of this has been that each of the

1 owners actually is involved in this. In other words,
2 they're not an abstract owner, they're not a
3 stockholder somewhere. Each of them needs the facility
4 for their spent fuel, so therefore, they've each had a
5 voice on the board to ensure that we didn't live in a
6 wild manner or drive costs up. It's been pretty well
7 run by volunteers from the utilities that they provide
8 for people, so each of the owners has intimate enough
9 day-to-day involvement to know that we're really trying
10 to do a responsible job. So each time we've gone back
11 to the owners to adjust in any way our equity costs,
12 they've always come forward.

13 Again, there would be that impetus if we had
14 to go back ever again that they would be looking at the
15 fact that if we weren't successful, they wouldn't have
16 a place to send their fuel.

17 JUDGE KLINE: [REDACTED]

18 THE WITNESS: [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

1 JUDGE KLINE: Okay.

2 THE WITNESS: So I've had very good success
3 in talking with the owning utilities, and they've been
4 very good at meeting their responsibilities that they
5 morally pledged themselves to when we started and
6 certainly legally have along the way.

7 JUDGE BOLLWERK: Okay. Thank you.

8 JUDGE LAM: [REDACTED]

9 [REDACTED]

10 [REDACTED]

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19 THE WITNESS: [REDACTED]

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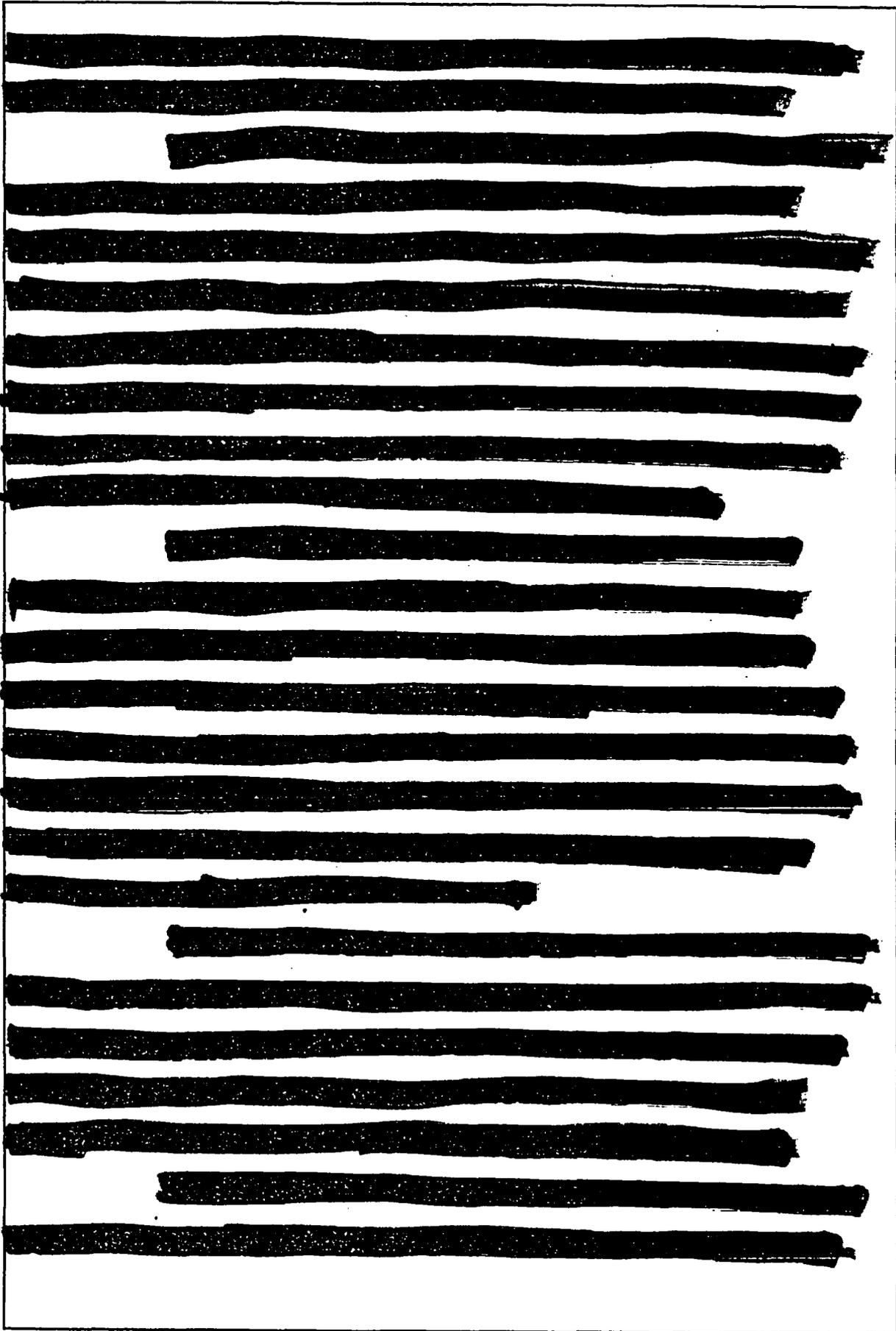
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Plus, we've built in another safeguard in the fact that this is so conventional, if you think about it. Basically we're talking four buildings, a fenced area with security and electronics and slabs on which to park or set the casks. So there aren't really high technical issues within there. These are conventional systems that can be constructed by local people and conventional construction very adequately so you can get bids to build them. So you really don't have all those uncertainties. It's not like building that nuclear power plant where you have a lot of piping and systems that contain gas and water and things that you have to restrain. So because construction is conventional and you can get bids ahead of time, you really know before you start what you should be finishing at.

20

JUDGE LAM: So would you say you really had gone through a costing -- I mean a business type of evaluation to come to the conclusion you do have a genuine cost that mandates your offer to your customers?

25

THE WITNESS: Oh, definitely, yeah. We

1 started from that point. And this was not done to do
2 it. This was done after careful thought and surveying
3 actually the whole industry, not just the members.
4 There were 30 some utilities that responded.

5 JUDGE BOLLWERK: [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 THE WITNESS: [REDACTED]

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18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 I know a lot of the utilities, and some of
22 them have told me what's happened to them when they've
23 gone out on their own. And they've paid very high
24 prices. And those are only single-use casks, the
25 conventional ones that then have to be decommissioned.

1 So when the fuel leaves their site, everything has to
2 be repackaged into a multipurpose canister.

3 So the cask costs should be at or better
4 than anyone is going to get today from any other source
5 because of, frankly, the volume we're involved with.

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
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19 JUDGE BOLLWERK: [REDACTED]
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23 THE WITNESS: [REDACTED]
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8 JUDGE BOLLWERK: All right. Any other
9 questions, any questions from the parties based on the
10 board's questions?

11 MS. CHANCELLOR: I have just one question,
12 Your Honor.

13 JUDGE BOLLWERK: All right.

14 Q. (By Ms. Chancellor) Mr. Parkyn, you say
15 that cost estimates have a built-in margin or allowance
16 for cost increases that may be due to the timing of the
17 project. Where is this margin reflected in your cost
18 estimates, any increases that occur because of extra
19 time during the construction?

20 A. I don't know exactly what you're looking
21 for. You mean in each of these components or --

22 Q. Is there somewhere in the cost estimates
23 that have some sort of margin or allowance if there are
24 cost overruns or if the construction takes longer than
25 anticipated? Where is that margin reflected in the

1 cost --

2 A. It's not specifically written item by item.
3 Of course, you do see there's a contingency there that
4 is --

5 Q. [REDACTED]
6 [REDACTED]

7 A. [REDACTED]
8 [REDACTED]

9 Q. [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 A. It's -- it's part of it certainly. The
13 other thing is there's conservatism. As I've found,
14 most of the items I've dealt with have generally come
15 in under what I've anticipated. So when you go out for
16 bids, which is a competitive process, say, for the
17 plumbing or the electrical or the concrete, you often
18 in this particular case will find vendors who will do
19 it cheaper than you have, and you still retain that
20 original amount so you have that in addition to your
21 contingency. And then if there's something
22 unanticipated, you have those amounts to deal with it.

23 Q. [REDACTED]
24 [REDACTED]
25 [REDACTED]

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A. [REDACTED]

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MS. CHANCELLOR: Good. Thank you very much.

4

5 question of Mr. Parkyn?

6

JUDGE BOLLWERK: Yes.

7

* * *

8

FURTHER REDIRECT EXAMINATION

9

BY MR. SILBERG:

10

11 Q. Would the escalation mechanisms that you've
12 built in also reflect any additional costs that might
13 been incurred as a result of extensions in the
14 construction period?

14

15 A. They would fund it because, remember, they
16 started back in 1997, so they were already going to --
17 when I talk of the [REDACTED] being paid by a customer, I
18 always try to put in parentheses, 1997 dollars.
19 Obviously they will pay current dollars, so we'll be
20 collecting more than the amount shown here, and we'll
21 retain that to make sure that, in fact, we have money
22 to finish this project once it's started.

22

MR. SILBERG: Thank you.

23

24 JUDGE BOLLWERK: All right. Anything
25 further from any of the parties? Board members?

25

All right. Why don't we a break, then, at

1 this point. Let's take a 15-minute break and come back
2 at five to eleven.

3 (A recess was taken.)

4 JUDGE BOLLWERK: Let's go back on the
5 record, again.

6 I should mention something else here that
7 was -- I came back from the break and found this on the
8 table. And as you all are aware, I guess Mr. Peterson
9 has filed an intervention petition, and I have a letter
10 here from him. And it's unclear to me whether it has
11 or hasn't been served on all the parties. If I can, I
12 will try to get an opportunity sometime today to get
13 copies made and get them distributed to everyone.

14 MR. SILBERG: I have received electronically
15 some letters from Mr. Peterson. Frankly, I haven't
16 taken the time to read them, and I don't know if they
17 were addressed only to me or to all the parties. And I
18 don't know if everybody is replicating their
19 computers --

20 MS. MARCO: I have not received anything,
21 but I haven't looked in the computer so --

22 JUDGE BOLLWERK: Okay. Well, this is dated
23 June 19th, and it apparently relates to Contention R
24 that we were doing on Monday. But I guess, as
25 everyone's aware, there is a schedule out there dealing

1 with Mr. Peterson's intervention petition. I don't
2 know if this goes into the mix or not, but we'll try to
3 get some copies of it made and get it distributed to
4 everyone. I just wanted to make you aware that I have
5 received something.

6 (A discussion was held off the record.)

7 JUDGE BOLLWERK: Why don't we go ahead,
8 then, with the next panel. I think we're ready now to
9 do the testimony of Mr. Parkyn and Mr. -- Kapitz?

10 THE WITNESS: Kapitz.

11 JUDGE BOLLWERK: -- Kapitz -- sorry -- on
12 operation and maintenance cost estimates.

13 Mr. Parkyn, you've already been sworn, and
14 you remain under oath.

15 Mr. Kapitz, if you could raise your right
16 hand, please.

17

18 JON KAPITZ,

19 called as a witness on behalf of the Applicant, having
20 been first duly sworn, was examined and testified as
21 follows:

22 DIRECT EXAMINATION

23

24 MR. GAUKLER:

25 Q. Mr. Parkyn, Mr. Kapitz, you have before you

1 a document dated May 15, 2000, Testimony of John Parkyn
2 and Jon Kapitz on the Operation and Maintenance Costs
3 of the PFSF Contention Utah E/Confederated Tribes F.

4 Do you have that document in front of you?

5 A. (Witness Kapitz) Yes, sir.

6 A. (Witness Parkyn) Yes.

7 Q. Was this document prepared by you or under
8 your supervision?

9 A. (Witness Parkyn) Yes.

10 A. (Witness Kapitz) Yes.

11 Q. And is this document true and correct to the
12 best of your information and belief?

13 A. (Witness Parkyn) It is.

14 A. (Witness Kapitz) Yes.

15 Q. And do you adopt this document as your
16 testimony in this proceeding?

17 A. (Witness Parkyn) I do.

18 A. (Witness Kapitz) I do.

19 Q. Also, attached as Attachment 1 is the resume
20 of John Parkyn. Mr. Parkyn, is that a true and correct
21 copy of your resume?

22 A. (Witness Parkyn) It is.

23 Q. Attached as Attachment 2 is the resume of
24 Jon Kapitz. Mr. Kapitz, is that a true and correct
25 copy of your resume?

1 A. (Witness Kapitz) It's true with one update.
2 My job title has now changed as of last Wednesday to
3 the superintendent of nuclear engineering.

4 Q. Do you have any corrections to make to your
5 testimony?

6 A. (Witness Kapitz) I do not.

7 A. (Witness Parkyn) No.

8 MR. GAUKLER: I would ask the Board that
9 this document, the Testimony of John Parkyn and Jon
10 Kapitz on the Operation and Maintenance Costs of the
11 PFSF Contention Utah E/Confederated Tribes F, be
12 incorporated into the record as if read in this
13 proceeding.

14 JUDGE BOLLWERK: Any objection?

15 MS. NAKAHARA: No objection.

16 JUDGE BOLLWERK: All right. Then the record
17 should reflect that the testimony as described by
18 counsel will be bound into the transcript at this point
19 as though read and admitted.

20 [Whereupon, the direct written
21 testimonies of Messrs. John
22 Parkyn and Jon Kapitz were
23 inserted in the record.]

24

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May 15, 2000

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
Before the Atomic Safety and Licensing Board

In the Matter of)
PRIVATE FUEL STORAGE L.L.C.) Docket No. 72-22
(Private Fuel Storage Facility)) ASLBP No. 97-732-02-ISFSI

**TESTIMONY OF JOHN PARKYN AND JON KAPITZ ON
THE OPERATION AND MAINTENANCE COSTS OF THE PFSF
CONTENTION UTAH E/CONFEDERATED TRIBES F**

I. BACKGROUND

A. Jon K. Kapitz

Q1. Please state your full name.

A1. Jon K. Kapitz, PE

Q2. By whom are you employed and what is your position?

A2. I am Project Manager for Dry Cask Storage at the Prairie Island Nuclear Generating Plant for Northern States Power.

Q3. Please summarize your educational and professional qualifications

A3. I have a bachelor's degree and a master's degree in nuclear engineering from the University of Wisconsin. I completed the Minnesota Management Institute program at the Executive Development Center of the University of Minnesota Carlson School of Management. I am a registered professional engineer in Minnesota and I have held an NRC Senior Reactor Operator's license. I am a member of the EPRI Fuel Reliability, Storage and Disposal Steering Committee, the NEI Dry Cask Storage Issues Task Force, and the American Nuclear Society.

~~PROPRIETARY INFORMATION~~

My curriculum vitae which fully sets forth my educational and professional qualifications is attached to this testimony as Attachment 1.

Q4. What is your experience with independent spent fuel storage installations (ISFSIs)

A4. Since 1992, I have served as the Project Manager for Dry Cask Storage at Prairie Island. As such, I am responsible for overall project management of the Prairie Island Independent Spent Fuel Storage Installation. My work includes managing the licensing, fabrication/construction, training, startup, and operation of the Prairie Island Independent Spent Fuel Storage Installation, as well as preparing and managing the project's budget. I managed the successful startup and operation of the project in compliance with NRC (Part 72), State and local permits and regulations.

From 1990 to 1992, I was a project engineer at Northern States Power, where I was responsible for the oversight of all engineering and licensing activities for the TN-40 cask project. I also provided technical support to the cask designer regarding cask design and the NRC application submittal.

Q5. What is your experience with and base of knowledge regarding ISFSI operation and maintenance costs ?

A5. As Project Manager, I am responsible for developing, monitoring and tracking the budget for the Prairie Island ISFSI.

Q6. Are you familiar with the Private Fuel Storage Facility (PFSF) and the activities that will take place there?

A6. Yes.

Q7. What is the basis of your familiarity with the PFSF?

A7. Northern States Power is one of the members of Private Fuel Storage, LLC. My duties at Northern States Power include contributions related to the PFS project. I am a member of the technology committee that is responsible for selecting the A/E and cask vendor firms. I have provided engineering reviews of many PFS documents and programs.

Q8. What is the purpose of your testimony?

A8. The purpose of my testimony is to respond to the allegation in Basis 6 of Contention Utah E/Confederated Tribes F that, "The Applicant has failed to show that it has the necessary funds to cover the estimated costs of . . . operation of the proposed ISFSI because its cost estimates are vague, generalized, and understated," by demonstrating the reasonableness of the cost estimates for operation and maintenance (O&M) of the PFSF.

B. John D. Parkyn

Q9. Please state your full name.

A9. John D. Parkyn

Q10. By whom are you employed and what is your position?

A10. I am currently serving as Vice President of Genoa Fuel Tech, a subsidiary of Dairyland Power Cooperative and I am Chairman of the Board of Managers of Private Fuel Storage, L.L.C. I am also Chairman and CEO of the Great Salt Lake and Southern Railroad and a Director of River Bank in La Crosse, Wisconsin.

Q11. Please summarize your educational and professional qualifications

A11. I received a bachelor's degree in nuclear engineering from the University of Wisconsin. I am a licensed Professional Engineer in Wisconsin and a licensed Professional Nuclear Engineer in California. I have served as a member of the National Planning Committee for the American Nuclear Society and I am a past Chairman of the Wisconsin Division of the American Nuclear Society. I also served on the Evaluation and Review Group for the Institute of Nuclear Power Operations. I have written many papers on nuclear energy and its implementation.

I have worked with nuclear power for over 30 years. From 1967 to 1969, I served as a certified reactor operator with the U.S. Army at White Sands Missile Range. From 1972 to 1974, I was an operations engineer, fuel shipping supervisor, and a

~~PROPRIETARY INFORMATION~~

licensed Senior Reactor Operator at Wisconsin Electric Power Company's Point Beach Nuclear Plant, where my responsibilities included budgeting and costing of changes to the plant. In 1974, I moved to Dairyland Power Cooperative, where I worked as an Operations Engineer, Shift Technical Advisor, Fuel Shipping Supervisor, Shift Supervisor, and Senior Reactor Operator at the La Crosse Boiling Water Reactor. From 1979 to 1982, I was the Assistant Superintendent at La Crosse where I ran plant operations and oversaw site security. In 1982, I became Plant Manager and Acting Chief Executive Officer for Nuclear Power. I was responsible for oversight of plant operations and all of the budgeting and staffing for the site and managed the plant as it shut down and commenced decommissioning. In 1994, I shifted my focus to the disposition of spent nuclear fuel and moved to work on the Mescalero Fuel Storage project. I stayed with the project when it became Private Fuel Storage.

I am currently serving on the Governor's Commission on Passenger Rail in Wisconsin. I have also served as a member of the Wisconsin Legislative Study Committee on Railroads. I have served in a number of positions of responsibility in my community. I have been Chairman of the Board of the Bank of Stoddard, Wisconsin and the Bank of Ferryville, Wisconsin. I have served as the Treasurer of the School District of La Crosse, Wisconsin and the Vice Chairman of the Finance Committee of Vernon County, Wisconsin.

Q12. What is your experience with independent spent fuel storage installations (ISFSIs)

A12. The La Crosse Boiling Water Reactor commenced decommissioning in 1987 under my direction as plant superintendent from 1982 to 1994. During that process (and at present), the plant had spent fuel on site; many of the activities connected with the spent fuel at La Crosse were germane to spent fuel storage facilities like the PFSF. My responsibilities at La Crosse pertinent to the operation and maintenance costs of the PFSF included costing out of staffing levels, preparation of technical specifications, license amendments, NRC approvals, and other related activities at the La Crosse.

~~PROPRIETARY INFORMATION~~

Q13. What is your experience with and base of knowledge regarding ISFSI operation and maintenance costs ?

A13. At the La Crosse Boiling Water Reactor I worked on the activities connected with spent fuel management and I prepared cost estimates and projections for the Private Fuel Storage Facility.

Q14. Are you familiar with the Private Fuel Storage Facility (PFSF) and the activities that will take place there?

A14. Yes

Q15. What is the basis of your familiarity with the PFSF?

A15. I am responsible for the operation of the company that will construct the facility. I have personally made many of the cost estimates. I have been involved in determining many of the costing factors that are involved with the facility.

Q16. What is the purpose of your testimony?

A16. The purpose of my testimony is to respond to the allegations in Basis 6 of Contention Utah E/Confederated Tribes F that, "The Applicant has failed to show that it has the necessary funds to cover the estimated costs of . . . operation of the proposed ISFSI because its cost estimates are vague, generalized, and understated," by demonstrating the reasonableness of the O&M cost estimates for the PFSF.

II. O&M COSTS OF THE PFSF

A. Total O&M Costs

Q17. What costs make up the O&M costs for the PFSF?

A17. [Parkyn] The O&M costs for the PFSF are divided into the following categories:

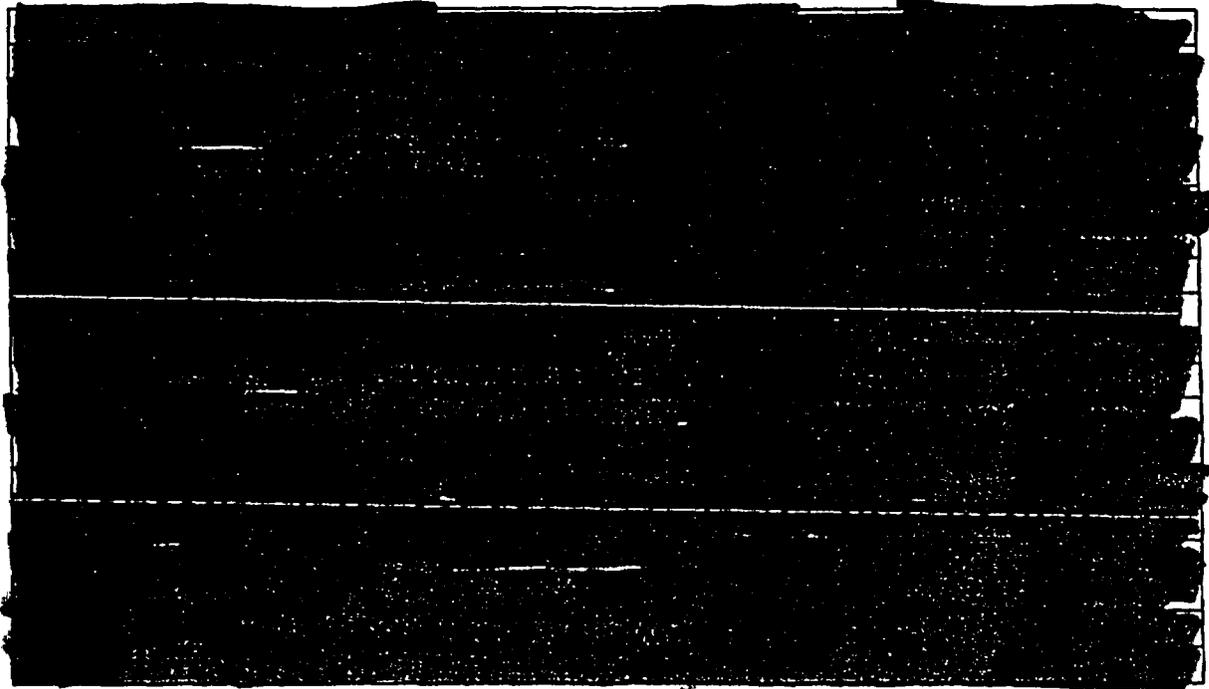
- Labor
- Operations Support
- Spent Fuel Canisters
- Spent Fuel Cask Overpacks
- Railroad Fees
- Transportation and Storage Consumables

~~PROPRIETARY INFORMATION~~

- Maintenance and Parts
- Regulatory Fees
- Quality Assurance, Radiological and Environmental Fees
- Utilities
- Low-Level Radioactive Waste Disposal
- Visitor's Center Costs
- Radiological Decommissioning
- Non-Radiological Decommissioning
- Host Payments
- Interest on Construction Debt
- Sales Tax
- Contingencies

Q18. What will the O&M costs of the PFSF be, assuming two 20-year license terms for the facility (for a total lifetime of 40 years) and the storage of a maximum of 40,000 metric tons of uranium (MTU) (i.e., 4,000 spent fuel storage casks) at the site?

A18. [Parkyn] Total O&M costs, excluding depreciation, amount to approximately [REDACTED] over 40 years, in 1997 dollars, for an average of about [REDACTED] per year. A breakout of PFS O&M costs is shown below:



Q19. Do PFS's O&M cost estimates differ from the O&M cost estimates in the PFS Business Plan?

~~PROPRIETARY INFORMATION~~

A19. [Parkyn] The O&M cost estimates in this testimony represent the current best estimate of PFS's O&M costs.

Q20. Generally speaking, how would the O&M costs of the PFSF be affected if the facility had a maximum capacity of 10,000 MTU (1,000 casks) instead of 40,000 MTU (4,000 casks) and it stored 1,000 or fewer casks at any one time instead of 4,000 casks?

A20. [Parkyn] The primary effect of storing 1,000 casks instead of 4,000 casks would be to reduce the costs PFS would incur for the spent fuel storage casks and canisters. This reduction would be substantial, in that cask and canister costs constitute over 60 percent of PFS O&M costs for a 40,000 MTU facility. Most other costs would not change significantly in that many of those costs either are not overly sensitive to the number of canisters or constitute a relatively small amount of the O&M costs for a 40,000 MTU facility.

Q21. In your professional opinion, on the basis of your knowledge of the PFSF and the activities that will take place there, are PFS's estimates for the O&M costs of the PFSF reasonable?

A21. [Parkyn & Kapitz] Yes.

Q22. Are there any other costs that will be incurred in the PFSF project that would be considered O&M costs?

A22. [REDACTED]

B. Labor Costs

Q23. What costs make up labor costs for the PFSF?

A23. [Parkyn] Facility staff salaries and benefits.

Q24. What is the total cost estimate for labor for the PFSF over its 40-year lifetime?

A24. [Parkyn] [REDACTED] The annual cost comes to approximately [REDACTED]

Q25. What is the basis for the estimate of the labor costs for the PFSF?

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A25. [Parkyn] There will be approximately 42 staff individuals. The cost estimate per staff is tied to the specific backgrounds required and the local market, which will be the source of many of the staff. The estimates reflect the amount necessary to hire persons of different educational and training levels and provide them with a full package of fringe benefits. The fringe benefits are costed at [REDACTED] of the base wages.

Q26. What would be the effect on PFSF labor costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A26. [Parkyn] The quantity effect on labor costs would be relatively insignificant. The staff utilized will be adequate to handle the 40,000 MTU case. There will be less work for the staff in the 10,000 MTU case but nearly the same staff requirement. The only part of the fuel storage process which would have an impact on the scheduling of labor is shipping, in and out.

Q27. Given your knowledge and professional experience, is the estimate for labor costs for the PFSF reasonable?

A27. [Kapitz] The staff size to operate the facility appears reasonable. The main operations of the facility will be rigging/heavy load handling, and cask monitoring. The staff on site for these functions is consistent with what we use at Prairie Island for similar operations. My experience at Northern States Power includes virtually all the activities that will occur at the PFS site. PFS will receive railcars and unload heavy casks, which we do at Prairie Island using the TN-40 cask. PFS will move the cask using overhead cranes, similar to Prairie Island. PFS will do several other tasks, all of which are routinely done at Prairie Island.

C. Operations Support Costs

Q28. What costs make up operations support costs for the PFSF?

A28. [Parkyn]

- Travel & living- shipment oversight
- Education and training
- Apprenticeships & certifications
- Recruiting and relocations

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- Communications & reproductions
- Office supplies
- Equipment rental/lease
- Office equipment maintenance & repair
- Postage/freight
- Dues & subscriptions
- Legal fees
- Audits
- Director's fees
- Insurance (non-nuclear liability, property, workers comp. etc.)
- Insurance – nuclear liability and nuclear property
- Safety & Review Committee – contract cost and travel/lodging

Q29. What is the total cost estimate for operations support for the PFSF over its 40-year lifetime?

A29. [Parkyn] [REDACTED] The average annual operations support estimated cost for the PFSF over its 40-year lifetime is [REDACTED]

Q30. What is the basis for the estimate of the operations support costs for the PFSF?

A30. [Parkyn] The operations support cost include the necessary supplies and activities associated with running an operation of this size. It does not include any staff wages or staff fringe benefits (these are included in labor costs).

The following operations support cost items were estimated from monthly costs:

[REDACTED]

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Other operations support items were estimated directly on an annual basis.

Q31. How is nuclear insurance accounted for as part of PFS's operations support costs?

A31. [Parkyn] The PFS June 1998 Business Plan has budgeted [REDACTED] per year for nuclear insurance costs, which includes both off-site liability insurance and on-site nuclear property insurance. As stated in the testimony of Hanson Pickerl, PFS has recently received indications from insurers that the \$200 million in nuclear liability insurance coverage that PFS will obtain will cost [REDACTED] per year and that the [REDACTED] in nuclear property insurance coverage that PFS will obtain will cost [REDACTED] per year.

Q32. What would be the effect on PFSF operations support costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A32. [Parkyn] These types of expenditures are not directly proportional to the amount of fuel received or shipped, but would be slightly lower for a 10,000 MTU facility.

Q33. Given your knowledge and professional experience, is the estimate for operations support costs for the PFSF reasonable?

A33. [Kapitz] The values are reasonable. I have reviewed the individual items for reasonableness, as well as the overall value as a percentage of the labor budget. If you remove the insurance and Directors' fees, the operations support is similar to budget items called overheads and A&G (Administrative and General) at NSP. Setting aside the insurance and Directors' fees, the operations support is [REDACTED] of the labor budget. For three representative spent fuel projects at NSP, the overheads and A&G were between [REDACTED] of the direct labor budget.

D. Spent Fuel Canister Costs

Q34. What costs are included in the spent fuel canister costs for the PFSF?

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A34. [Parkyn] The purchase price for the spent fuel canisters. The spent fuel canisters will be purchased by PFS and provided to PFS's customers so that the customers may load them with spent fuel at the customers' reactors.

Q35. What is the total cost estimate for spent fuel canisters for the PFSF over its 40-year lifetime?

A35. [Parkyn] [REDACTED] The average annual spent fuel canister estimated cost for the PFSF over its 40-year lifetime is [REDACTED]

Q36. What is the basis for the estimate of the spent fuel canister costs for the PFSF?

A36. [REDACTED]

Q37. What would be the effect on PFSF spent fuel canister costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A37. [Parkyn] The expenditures for spent fuel canisters are directly proportional to the amount of spent fuel stored at this site. Approximately 1,000 canisters are required for 10,000 MTU, compared with 4,000 canisters for 40,000 MTU.

Q38. Given your knowledge and professional experience, is the estimate for the spent fuel canister costs for the PFSF reasonable?

A38. [REDACTED]

In any event, my expectation is the price for canisters will stay relatively stable in real dollars over

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the life of the project, due to the economies of scale and lessons learned from the initial canister construction. My experience at Prairie Island is that we were able to obtain slightly lower prices for a second order of casks from the same supplier almost two years after the first (6/97 to 3/99). This was for casks of much more complex and expensive construction than the PFS canisters.

E. Spent Fuel Storage Cask Overpack Costs

Q39. What costs are included in the spent fuel storage cask overpack costs for the PFSF?

A39. [Parkyn] The cost of a storage cask.

Q40. What is the total estimated cost for spent fuel storage cask overpacks for the PFSF over its 40-year lifetime?

A40. [Parkyn] [REDACTED] The average annual spent fuel storage cask overpack estimated cost for the PFSF over its 40-year lifetime is [REDACTED]

Q41. What is the basis for the estimate of the spent fuel storage cask overpack costs for the PFSF?

A41. [REDACTED]

Q42. How much will it cost for PFS to assemble the components of the HI-STORM 100 overpack at the PFSF, to include the pouring of the concrete for the overpack?

A42. The cost of pouring the concrete for the overpacks will be approximately [REDACTED] per storage cask, based on a concrete requirement of 45 cubic yards per cask and a concrete cost of [REDACTED] per cubic yard delivered to Skull Valley, Utah, for a total of [REDACTED] for a facility with 4,000 casks. The cost of the labor required to assemble the casks is incorporated in the PFSF labor cost estimate discussed above.

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Q43. What would be the quantitative effect on PFSF spent fuel storage cask overpack costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A43. [Parkyn] The cost for fuel storage cask overpacks is directly proportional to the number of loaded fuel canisters stored at any one time at the site (except to the extent that the overpacks are reused). It requires one storage cask overpack for each fuel canister. The approximately 1,000 canisters required to store 10,000 MTU would require approximately 1,000 storage cask overpacks.

Q44. Given your knowledge and professional experience, is the estimate for the spent fuel storage cask overpack costs for the PFSF reasonable?

A44. [Kapitz] The costs for the overpacks are based on a letter of intent with Holtec, and are reasonable considering their relatively straightforward construction. The overpacks are also at a low risk of any significant price escalation, due to their relatively straightforward composition (concrete and carbon steel). Moreover, like the spent fuel canisters, under the Service Agreements with its customers, PFS will be able to pass on to them any increase in the price of the overpacks.

F. Railroad Fees

Q45. What fees make up the railroad fees for PFS?

A45. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The fees are for the following:

- Transporting loaded cask shipments from utility (customer) sites to the PFSF.
- Transporting empty canisters from the fabricator to utility (customer) sites
- Transporting related support equipment from utility (customer) sites to utility (customer) sites

Q46. What is the total estimated cost for railroad fees for PFS over the PFSF's 40-year lifetime and what is the basis for the estimate of the fees?

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A46. [Parkyn] [REDACTED] The average estimated annual railroad fees for PFS over the PFSF's 40-year lifetime are [REDACTED]

Original estimates were developed based upon discussions with staffs of the Union Pacific Railway and the Burlington Northern Railway. The railroad fees are proportional to the distance shipped. An average distance from a mid-west reactor site was used in the original estimates.

[REDACTED]

Q47. What would be the effect on PFSF railroad fees if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A47. [Parkyn] The amount of shipping required for 10,000 MTU depends on which reactors ship spent fuel to PFS. While the amount of shipping is somewhat proportional to the number of casks shipped, it is also affected by the distance and the ratio of casks received from shorter or further distances away.

Q48. Given your knowledge and professional experience, is the estimate for railroad fees for the PFSF reasonable?

A48. [Kapitz] Assuming three casks per shipment, there is an allowance [REDACTED] per shipment. My experience in shipping via a special dedicated train is that it costs about [REDACTED]. The [REDACTED] would be enough for over [REDACTED] miles via a dedicated train. The [REDACTED] includes use of the railroad equipment (i.e. locomotive engine). As PFS will supply all the railroad equipment, I expect that the [REDACTED] is a conservatively high estimate of the PFS shipping cost.

G. Transportation and Storage Consumables Costs

Q49. What costs make up transportation and storage consumables costs for the PFSF?

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A49. [Parkyn] Consumables would include any one-time use items including, but not limited to, protective coatings or paper products used in handling or cleaning casks, o-rings and other seals on transportation casks which might need replacement, and anti-contamination clothing for staff where its use is appropriate.

Q50. What is the total estimated cost for transportation and storage consumables for the PFSF over its 40-year lifetime?

A50. [Parkyn] [REDACTED] The average annual estimated cost for transportation and storage consumables for the PFSF over its 40-year lifetime is [REDACTED]

Q51. What is the basis for the estimate of the transportation and storage consumables costs for the PFSF?

A51. [Parkyn] There is an assumption that the [REDACTED] will more than adequately cover between 100-200 packages received per year at a cost of [REDACTED] each. This is a conservative estimate that includes costs that may never be incurred. In years in which the cost is not incurred, the budget item will remain so funds will be accumulated for years in which the cost may be incurred.

Q52. What would be the quantitative effect on PFSF transportation and storage consumables costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A52. [Parkyn] The amount estimated for transportation and storage consumables costs could be proportionately reduced in the 10,000 MTU case because of the smaller number of packages that would be shipped; however, we will continue to budget at the level estimated for the 40,000 MTU facility.

Q53. Given your knowledge and professional experience, is the estimate for transportation and storage consumables costs for the PFSF reasonable?

A53. [Kapitz] These costs seem reasonable for consumables. I do not expect that there will be significant consumables used in either the storage or transportation of the spent fuel. Some gaskets and bolts on the shipping casks may need replacement at certain times, but this would be covered in the maintenance budget. The parts needed for the storage casks will be procured as part of the cask fabrication

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delivery. Some minor consumables such as contamination survey smear papers, placards, and cleaning supplies may be used (typically costing a few thousand dollars per year), but I cannot think of any significant consumables used in either the transportation or storage process.

H. Maintenance and Parts Costs

Q54. What costs make up maintenance and parts costs for the PFSF?

A54. [Parkyn] The maintenance and parts cost item was estimated to provide outside contract maintenance on items such as the cranes, cask transporter, rail shipping equipment, and rail line. It also covers other needs as far as replacement parts for installed equipment, and counting equipment within the health physics lab, etc. The category also includes the cost of the diesel fuel that will be used at the PFSF.

Q55. What is the total estimated cost for maintenance and parts for the PFSF over its 40-year lifetime?

A55. [Parkyn] [REDACTED] The average estimated cost for annual maintenance and parts for the PFSF over its 40-year lifetime is [REDACTED].

Q56. What is the basis for the estimate of the maintenance and parts costs for the PFSF?

A56. [Parkyn] It is a conservative estimate that also takes into account some costs that PFS may potentially incur but is not expected to incur.

Q57. What would be the quantitative effect on PFSF maintenance and parts costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A57. [Parkyn] This estimate pertains to the 40,000 MTU case. Certainly, if PFS were to store less spent fuel at the facility there would be a potential for some reduction in expenditure. However, as all the equipment at the PFSF would still be used, though at a lesser rate, it is not anticipated that the relationship between storage capacity and maintenance and parts cost would be linear.

Q58. Given your knowledge and professional experience, is the estimate for maintenance and parts costs for the PFSF reasonable?

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A58. [Kapitz] I believe the [REDACTED] estimate will more than cover all required maintenance and parts. Much of the yearly maintenance costs are already accounted for in the labor budget. The [REDACTED] per year will cover costs other than the labor of the PFS employees. Furthermore, PFS may contract some specialized maintenance, such as railroad equipment. They may also contract periodic maintenance on some equipment like the overhead cranes, at least for the first few maintenance cycles. If one assumes a contract labor rate of \$100/hr. the [REDACTED] annual budget allows for [REDACTED] hours of contract maintenance. This leads me to conclude that [REDACTED] is a conservative estimate of the maintenance budget.

I. Regulatory Fees

Q59. What fees make up the regulatory fees for the PFSF?

A59. [Parkyn] NRC fees.

Q60. What is the total estimate for regulatory fees for the PFSF over its 40-year lifetime?

A60. [Parkyn] [REDACTED] The average annual estimated regulatory fee for the PFSF over its 40-year lifetime is [REDACTED]

Q61. What is the basis for the estimate of the regulatory fees for the PFSF?

A61. [Parkyn] Regulatory fees include fees to be paid to regulatory agencies. The most significant anticipated regulatory fee is the license fee for the U.S. Nuclear Regulatory Commission for a 10 CFR (Part 72) license. For ISFSIs the NRC currently charges \$206,000 per year plus NRC costs incurred in connection with the licensed facility. (The NRC has proposed to increase this fee to \$209,000 for fiscal year 2000) Thus PFS's estimate conservatively includes potential NRC costs (e.g., inspections and license amendment review) and the potential for future increases in fees.

Q62. What would be the quantitative effect on PFSF regulatory fees if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

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A62. [Parkyn] It is not anticipated that there will be a reduction in regulatory fees if the facility is 10,000 MTU as opposed to 40,000 MTU for the larger numbers retained.

J. Quality Assurance, Radiological, and Environmental Fees

Q63. What fees make up the quality assurance, radiological, and environmental fees for the PFSF?

A63. [Parkyn] These fees include potential costs associated with quality assurance audits, environmental fees, and certifications for radiation monitoring instrumentation.

Q64. What is the total estimate for quality assurance, radiological, and environmental fees for the PFSF over its 40-year lifetime?

A64. [Parkyn] [REDACTED] The average annual estimate for quality assurance, radiological, and environmental fees for the PFSF over its 40-year lifetime is [REDACTED]

Q65. What is the basis for the estimate of the quality assurance, radiological, and environmental fees for the PFSF?

A65. [Parkyn] A best estimate based on the imposition of such fees on operating nuclear plants that was modified to consider that the PFSF will be a smaller and less complex facility that is not a nuclear reactor.

Q66. What would be the effect on PFSF quality assurance, radiological, and environmental fees if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A66. [Parkyn] It is not anticipated that having a 10,000 MTU capacity would produce any significant reduction in the level of these fees from the 40,000 MTU case.

Q67. Given your knowledge and professional experience, is the estimate for quality assurance, radiological, and environmental fees for the PFSF reasonable?

A67. [Kapitz] I think this is a conservative estimate of these fees.

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K. Utilities Costs

Q68. What costs make up utilities costs for the PFSF?

A68. [Parkyn] Utilities include the cost of electrical energy, propane where required for heating, telecommunications, as well as other communications capability..

Q69. What is the total cost estimate for utilities for the PFSF over its 40-year lifetime?

A69. [Parkyn] PFS estimates that utilities for the PFSF will cost roughly [REDACTED] over the 40-year life of the facility, for an annual average cost of [REDACTED] per year.

Q70. What is the basis for the estimate of the utilities costs for the PFSF?

A70. [Parkyn] The estimated fees for utilities reflect the design, size and operation of the buildings at the site, including their volumes and local temperatures. The estimates were derived by Stone and Webster and are driven primarily by the requirement to operate electrical equipment involved in spent fuel operations and to heat the Canister Transfer Building with propane. Electrical requirements are projected to be [REDACTED] per year. Propane to heat the Canister Transfer Building, which dominates propane requirements for the site, would cost roughly [REDACTED] per year. In addition, the estimate also includes [REDACTED] per year for telecommunications.

Q71. What would be the quantitative effect on PFSF utilities costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A71. [Parkyn] It is not anticipated that there would be a large decrease in any of the utility allowances if the PFSF had a capacity of 10,000 MTU. PFS would conduct fewer spent fuel transfer operations but the same number of buildings and spaces would be occupied generally by the same size staff.

Q72. Given your knowledge and professional experience, is the estimate for utilities costs for the PFSF reasonable?

A72. [Kapitz] This seems reasonable for utilities.

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L. Low-Level Radioactive Waste Disposal Costs

Q73. What costs make up low-level radioactive waste disposal costs for the PFSF?

A73. [Parkyn] Low level radioactive waste disposal costs, while not contemplated in the operation of this facility, are included to ensure the capability to fund such activities should any contaminated material arrive at the site and require clean-up and disposal off site. The only reasonably conceivable source would be surface contamination on the spent fuel canisters or transportation casks arriving at the PFSF.

Q74. What is the total estimate for low-level radioactive waste disposal for the PFSF over its 40-year lifetime?

A74. [Parkyn] [REDACTED] The average annual estimate for low-level radioactive waste disposal for the PFSF over its 40-year lifetime is [REDACTED]

Q75. What is the basis for the estimate of the low-level radioactive waste disposal costs for the PFSF?

A75. [Parkyn] This permits the shipping of up to [REDACTED] cubic feet in a year, assuming a cost of [REDACTED] per cubic foot with transportation. PFS expects not to generate any LLRW in the course of normal operations.

Q76. What would be the effect on PFSF low-level radioactive waste disposal costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A76. [Parkyn] The smaller facility would have less potential to require radioactive waste disposal because fewer canisters would arrive at the PFSF. However, the full cost has been allowed to remain as it is not an anticipated expense but, rather, it is there to provide additional margin for unanticipated expenses.

Q77. Given your knowledge and professional experience, is the estimate for low-level radioactive waste disposal costs for the PFSF reasonable?

A77. [Kapitz] On the basis of my experience at Prairie Island, I would not expect any low-level waste to be generated at the PFSF. If there were any low-level waste generated, it would most likely be small amounts of decontamination supplies

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such as rags used for cleaning. This type of material can be incinerated by an off-site vendor for approximately [REDACTED]

M. Visitor's Center Operating Costs

Q78. Please describe the Visitor's Center for the PFSF.

A78. [Parkyn] The Visitor's Center will be a public educational center located on the Skull Valley Band of Goshute Reservation but away from the site. The Center will provide information on nuclear energy, explain interim spent fuel storage, and present information on the site. It will also contain space for the Tribal Heritage Center to inform the public about the history of the Skull Valley Band of Goshutes, their culture, and their language.

Q79. What costs make up the operating costs for the Visitor's Center?

A79. [Parkyn] The Visitor's Center will be operated and staffed for approximately 40 hours per week, as well as for special tours for school groups and others. The operating costs cover the cost of the staff person, utilities for the facility, minor repairs and upkeep, and the provision of materials to be disseminated at the Center and in the local community.

Q80. What is the total estimate for operating costs for the Visitor's Center over the 40-year lifetime of the PFSF?

A80. [Parkyn] [REDACTED] The average annual estimate for operating costs for the Visitor's Center over the 40-year lifetime of the PFSF is [REDACTED]

Q81. What is the basis for the estimate of the operating costs for the Visitor's Center?

A81. [Parkyn] The estimate includes the cost of a staff person, utilities, repairs, and upkeep. It will provide a wage of [REDACTED] or greater for the person hired to operate the facility.

Q82. What would be the quantitative effect on the operating costs for the Visitor's Center if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

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A82. [Parkyn] There will be no effect on the Visitor's Center costs if the facility reached a maximum capacity of 10,000 MTU as opposed to 40,000 MTU.

Q83. Given your knowledge and professional experience, is the estimate for the operating costs for the PFSF Visitor's Center reasonable?

A83. [Kapitz] The Visitors Center will employ a self-guided program. A single person to staff the facility at [REDACTED] is reasonable. With a [REDACTED] fringe rate [REDACTED] salaries will be [REDACTED] per year. This leaves about [REDACTED] per year for supplies and miscellaneous expenses. These values appear reasonable to me.

N. Non-Radiological Decommissioning Costs

Q84. What costs make up non-radiological decommissioning costs for the PFSF?

A84. [Parkyn] The non-radiological decommissioning cost estimate assumes the demolition and removal of all the site's structures. The funding is planned to allow the return of the site to its original condition. Should structures be selected for retention by the Skull Valley Band, the costs allocated for their demolition would not be incurred.

Q85. What is the total estimate for non-radiological decommissioning costs for the PFSF over its 40-year lifetime?

A85. [Parkyn] [REDACTED] assuming a facility with a capacity of 40,000 MTU.

Q86. What is the basis for the estimate of the non-radiological decommissioning costs for the PFSF?

A86. [Parkyn] The estimate was made on the basis of general demolition costs provided by Stone and Webster.

Q87. What would be the effect on PFSF non-radiological decommissioning costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A87. [Parkyn] The cost to decommission the concrete storage pads would be significantly reduced, in that a 10,000 MTU facility would have [REDACTED] while the 40,000 MTU facility would have 500 pads.

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Q88. Given your knowledge and professional experience, is the estimate for non-radiological decommissioning costs for the PFSF reasonable?

A88. [Kapitz] This cost is reasonable given the plan to undertake non-radiological decommissioning over the last half of the life of the facility.

O. **Radiological Decommissioning Costs**

Q89. What costs make up radiological decommissioning costs for the PFSF?

A89. [Parkyn] The radiological decommissioning cost estimate includes the decommissioning of the structures and equipment used at the PFSF that become radiologically contaminated or activated during the construction and operation of the PFSF.

The magnitude of PFS's radiological decommissioning costs are not subject to litigation in this proceeding as a result of an agreement between the State of Utah and PFS. The amount is included here because decommissioning will be a cost to PFS its inclusion enables one to see the balance between PFS's costs and revenues.

Q90. What is the total estimate for radiological decommissioning costs for the PFSF over its 40-year lifetime?

A90. [Parkyn] The radiological decommissioning costs for the PFSF will be \$1.6 million for the PFSF site plus \$68 million for the spent fuel storage cask overpacks that will be used at the PFSF, for a total of \$69.6 million.

Q91. What would be the effect on PFSF radiological decommissioning costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A91. [Parkyn] The costs would drop significantly, in that the great majority of PFS's decommissioning funds will be allocated to decommission spent fuel storage cask overpacks. A 10,000 MTU facility would use only approximately 1,000 overpacks, whereas a 40,000 MTU facility would use approximately 4,000.

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P. Host Payments

Q92. What individual payments make up the host payments for the PFSF?

A92. [Parkyn] Host payments are paid to the Skull Valley Band of Goshutes and to Tooele County, Utah.

Q93. What is the total estimate for host payments for the PFSF over its 40-year operational lifetime?

A93. [Parkyn] The estimate for host payments is based on the lease between PFS and the Band and an agreement between PFS and Tooele County. Total payments to the Skull Valley Band and Tooele County will amount to [REDACTED] over the operations period for the PFSF. [REDACTED]

Q94. What is the average annual host payment for the PFSF over its 40-year lifetime?

A94. [Parkyn] Annual average host payments for PFS will amount to [REDACTED].

Q95. Will there be any change in the host payments for the PFSF over its 40-year lifetime?

A95. [Parkyn] Host payments to the County will vary based on the number of canisters stored at the site at any given time. [REDACTED]

Q96. What would be the quantitative effect on PFSF host payments if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A96. [REDACTED] Payments to Tooele County would decrease, as a portion of PFS's payments to it are dependent on the number of canisters stored at the site.

Q. Interest on Construction Debt

Q97. Will PFS be making interest payments as part of its O&M expenditures on debt incurred to construct the facility, and if so, what will the cost of such interest payment be to PFS?

A97.

[REDACTED]

R. Utah Sales Tax

Q98. What costs make up the Utah sales tax PFS will pay during the operation of the PFSF?

A98. [Parkyn] Sales tax will be paid on the purchases PFS makes in Utah during the operation of the PFSF.

Q99. What is the total estimate for the sales tax PFS will pay over the 40-year lifetime of the PFSF?

A99. [Parkyn] It is estimated that PFS will pay approximately [REDACTED] in Utah sales tax over the 40-year life of the PFSF.

Q100. What is the basis for the estimate of the sales tax costs for the PFSF?

A100. [Parkyn] PFS's Utah law firm analyzed the categories of costs that would be subject to Utah sales tax (assuming no applicability of any exemptions due to the location of the PFSF).

Q101. What would be the effect on PFSF Utah sales tax costs if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A101. [Parkyn] If the PFSF had a 10,000 MTU capacity instead of a 40,000 MTU capacity, sales tax costs would decrease as purchases in Utah decreased.

S. Contingencies

Q102. Why are contingencies included in the PFSF O&M costs?

A102. [Parkyn] Contingencies are provided for overruns in cost in the previously stated budget items or for budget items that were not anticipated.

Q103. What estimate is included for contingencies at the PFSF over its 40-year lifetime?

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A103. [Parkyn] [REDACTED] An estimate of [REDACTED] is included for contingencies at the PFSF on an annual basis over its 40-year lifetime.

Q104. What is the basis for the estimate of the cost of contingencies for the PFSF?

A104. [Parkyn] A best judgement for a facility of this type.

Q105. What would be the effect on the cost of contingencies for the PFSF if the facility had a maximum capacity of 10,000 MTU and stored 10,000 MTU or less?

A105. [Parkyn] The anticipated impact on the cost of contingencies if fewer shipments were received (e.g., 10,000 MTU versus 40,000 MTU) would be a reduction. For conservatism, however, the contingency cost estimate in the budget was not reduced for a lower capacity facility.

Q106. Given your knowledge and professional experience, is the estimate for the cost of contingencies for the PFSF reasonable?

A106. [Kapitz] Contingency amounts are designed to account for unforeseen events, and as such are difficult to judge. For cask fabrication projects, NSP has budgeted about [REDACTED] for contingencies. Our actual contingency amounts used have only been a small amount of this estimate. The PFS contingency is about [REDACTED] of the labor budget, or [REDACTED] of the labor and operations support budget. This seems reasonable to me.

T. Escalation

Q107. In what year are the O&M cost estimates for the PFSF?

A107. [Parkyn] The O&M cost estimate was originally estimated in 1997 dollars.

Q108. How will these cost estimates be escalated to the point in time at which the costs are incurred?

A108. [Parkyn] [REDACTED]
[REDACTED] For many of PFS's O&M costs, any increases will be passed on directly to PFS's customers pursuant to PFS's customer Service Agreements. [REDACTED]

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[REDACTED]

For those costs that might escalate [REDACTED]
[REDACTED] the cost estimates will be escalated by factors related to each cost estimate in question. The factors that would be applied include the following:

[REDACTED]

These factors are compiled annually (and some factors more frequently) by the Department of Labor, Bureau of Labor Statistics. [REDACTED]

[REDACTED]

Q109. What is the basis for the use of the escalation factors?

A109. [Parkyn] The factors as compiled by the Bureau of Labor Statistics reflect changes in the cost of obtaining the products or services (labor) that make up each category of PFS's O&M costs. [REDACTED]

[REDACTED]

Q110. What will the PFS Service Agreements entered into by PFS provide with respect escalation?

A110.

[REDACTED]

[REDACTED]

Q111.

[REDACTED]

A111. [Kapitz]

[REDACTED]

III. CONCLUSION

Q112. In conclusion, are the foregoing estimates for the O&M costs of the PFSF reasonable?

A112. [Parkyn/Kapitz] Yes. The foregoing estimates for operations and maintenance of the PFSF are reasonable.

Q113. Will PFS review the adequacy of its Business Plan O&M cost estimates prior to operation.

A113. [Parkyn] Yes, prior to operation PFS will review the adequacy of its O&M cost estimates and make revisions as appropriate to reflect any changes in its estimates of O&M costs.

Attachment 1

Resume of John D. Parkyn

ATTACHMENT 1

P.O. Box C-4010
La Crosse, Wisconsin 54602-4010

John Parkyn

Position	Chairman of the Board, Private Fuel Storage, LLC	
Education	University of Wisconsin • Bachelor of Science in Nuclear Engineering	Madison, WI
	United States Army • Certified Reactor Operator	White Sands Missile Range, NM
Nuclear Facility Licenses	Wisconsin Electric Power Company • NRC Licensed Senior Reactor Operator Point Beach Units 1 & 2	Milwaukee, WI
	Dairyland Power Cooperative • NRC Licensed Senior Reactor Operator La Crosse Boiling Water Reactor	La Crosse, WI
Professional Licenses	• Professional Engineer - Wisconsin • Professional Nuclear Engineer - California	
Publications	Author of numerous papers on nuclear energy and its implementation	
Professional Associations	• Past Member, National Planning Committee, American Nuclear Society • Past Chairman, Wisconsin Division, American Nuclear Society	
Positions Held in Nuclear Facilities	• Relief Shift Supervisor • Shift Technical Advisor • Relief Operator • Operations Engineer • Technical Assistant • Assistant Superintendent • Plant Manager • Acting Chief Executive Officer for Nuclear Power (CNO)	

Attachment 2

Resume of
Jon Kapitz

**Nuclear Engineer, Prairie Island Nuclear Generating Plant
1987-1990**

Responsibilities included the following: system engineer for spent fuel pool cooling, reactor engineer for Unit 1 reactor, and responsible engineer for fuel consolidation and dry cask storage projects. As system engineer for the spent fuel pool cooling system, responsible for coordinating all system operations and maintenance. As responsible engineer for fuel rod consolidation project, managed the operation of the fuel rod consolidation and waste reduction demonstration.

Major Accomplishments

- Managed the operation of the fuel rod consolidation and waste reduction project, which is the largest commercial fuel-rod consolidation demonstration in U.S.
- Responsible for replacement of spent fuel pool bridge crane with single failure proof system (\$700,000 project).
- Obtained NRC Senior Reactor Operator License. 560 hours control room experience.

**Nuclear Engineer, Nuclear Safety Analysis Dept. -Northern States Power
1983-1987**

Responsible for reactor thermal hydraulic and transient calculations for the Prairie Island Nuclear Generating Plant.

Major Accomplishments

- Developed computational methods for thermal hydraulic analyses for the Prairie Island Nuclear Generating Plant.

**Nuclear Engineer, Nuclear Core Analysis Dept. -Northern States Power
1981-1983**

Responsible for core design and reactor physics calculations for the Prairie Island

Major Accomplishments

- Designed Prairie Island Unit 1 core
- Prepared Prairie Island Unit 2 Cycle 7 Startup and Operations Report

LICENSES

Registered Professional Engineer - Minnesota
Senior Reactor Operator License - Prairie Island (Inactivated-1991)

PROFESSIONAL MEMBERSHIPS/ACTIVITIES

American Nuclear Society
EPRI Fuel Reliability, Storage, and Disposal Steering Committee
NEI Dry Cask Storage Issues Task Force
American Nuclear Society

CONTINUING EDUCATION

Minnesota Management Institute – University of Minnesota Carlson School of Management,
Executive Development Center - 1999

Document #: 932406 v.1

1 JUDGE BOLLWERK: Any exhibits that go with
2 these witnesses? I think actually you were up to -- I
3 think everything you have, as I see, has been
4 identified and received.

5 MR. GAUKLER: No, there's no additional
6 exhibits with this, Your Honor.

7 JUDGE BOLLWERK: All right. Then if there's
8 nothing else, then the witness is available for
9 cross-examination.

10 MS. NAKAHARA: May I approach?

11 JUDGE BOLLWERK: Yes.

12 MS. NAKAHARA: I guess I'd just like to
13 point out that the cross-examination plan may -- I'll
14 try to follow it to the best that I can. Mr. Parkyn
15 addressed some of my questions through his testimony
16 earlier this morning and yesterday, so it may not
17 appear like I'm following it, but --

18 MR. SILBERG: Excuse me, Connie. Would you
19 bring the mike closer to you?

20 MS. NAKAHARA: Oh, sure.

21 CROSS-EXAMINATION

22 BY MS. NAKAHARA:

23 Q. Good morning, Mr. Parkyn.

24 A. (Witness Parkyn) Good morning.

25 Q. Good morning, Mr. Kapitz.

1 A. (Witness Kapitz) Good morning.

2 Q. If at any time you don't understand one of
3 my questions, please ask me to rephrase it. And I'll
4 either direct my question directly to one of you and
5 request a response from that individual or not specify
6 an individual and either of you or both of you may
7 respond. If I could ask you not to confer on your
8 response, I'd appreciate it.

9 Operating and maintenance costs in your
10 combined testimony, who derived those cost estimates?

11 A. (Witness Parkyn) I basically derived the
12 operating and maintenance costs.

13 Q. And is it correct, Mr. Kapitz, to say that
14 you testified that Mr. Parkyn's O&M cost estimates were
15 reasonable?

16 A. (Witness Kapitz) That's correct.

17 Q. And are you familiar -- Mr. Kapitz, are you
18 familiar with how Mr. Parkyn derived each and every
19 cost estimate in the testimony?

20 A. (Witness Kapitz) I feel comfortable that I
21 am, yes.

22 Q. And are you familiar with each assumption
23 used to calculate each O&M cost in the testimony?

24 A. (Witness Kapitz) I feel comfortable that I
25 am, yes.

1 Q. Mr. Parkyn, are you familiar with Private
2 Fuel Storage's 1998 business plan?

3 A. (Witness Parkyn) Yes, I am.

4 Q. And is it correct that you estimated the
5 operating costs in the 1998 business plan?

6 A. (Witness Parkyn) Yes.

7 Q. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 A. [REDACTED]

12 [REDACTED]

13 Q. [REDACTED]

14 A. [REDACTED]

15 Q. Thank you.

16 And is it correct that PFS will charge a
17 one-time fee for spent fuel storage of [REDACTED] per kilogram
18 of uranium?

19 A. (Witness Parkyn) In 1997 dollars, yes.

20 Q. All right. And is it correct as part of
21 that one-time fee that [REDACTED] per kilogram of uranium is
22 allocated for construction costs?

23 A. (Witness Parkyn) In, again, 1997 dollars,
24 correct.

25 Q. In 1997 dollars, is it correct that the

1 third base payment of that one-time fee is [REDACTED] per
2 kilogram of uranium?

3 A. (Witness Parkyn) That's correct.

4 Q. And what is the third base payment for?

5 A. (Witness Parkyn) Well, collectively the
6 three together cover the entire cost of -- of bringing
7 in the new customer. The first one was collected, as
8 you pointed out, for construction. The other two cover
9 everything else. So things aren't directly tied
10 specifically just to a payment.

11 The second payment's large enough to cover
12 the costs of the cask and the canister. It will
13 undoubtedly cover some other things, which is fine.

14 A third one collects everything else and is
15 collected before shipment to the site. It will cover
16 such things as transportation, so, of course, it may be
17 more than [REDACTED] depending on the transportation. It will
18 cover specifically the decommissioning fund
19 contribution.

20 But each item in the budget is not tied
21 specifically to one of the three payments.
22 Collectively they have to provide the amount required.

23 Q. If I could get a clarification, you just
24 indicated that none of the three base payments is tied
25 to any specific cost; is that correct?

1 A. (Witness Parkyn) They -- they are timed to
2 cover our costs. So the first one was timed to collect
3 money for construction. Collectively that [REDACTED] -- also,
4 it would be talking in the '97 dollars which will be
5 escalating -- covers what we need to collect, but we
6 didn't tie each budget item specifically to a payment.
7 There's no reason to do that. You just have to cover
8 the costs as you need them, but you don't try to
9 collect the money well before you need it because
10 that's not really fair to the utility customers.

11 So the first one I think you're aware is
12 timed at time of licensing to cover construction so
13 that's truly available for construction. If it proves
14 excess, then I -- I guess you could use it for other
15 costs that you have. But it would at least cover
16 construction.

17 The second one, we want to at least cover
18 the costs of the canisters -- the canister and the
19 overpack that that utility will use. It may cover more
20 than that. I mean it's not structurally set that it
21 has to be used just for that, even if it's more than we
22 need.

23 The third one is everything else. So there
24 are -- if you're asking the everything else, certainly
25 things like decommissioning come to mind and other

1 costs that we have coming in and transportation.
2 That's when we would collect the shipping fees because
3 by then we would have the estimates of the shipping
4 costs. And if they go above that nominal [REDACTED]
5 [REDACTED] then we would be collecting more than
6 [REDACTED], because the customers prepay there [REDACTED] equivalent
7 before we accept their fuel, all of it.

8 Q. Okay. Thank you.

9 [REDACTED]
10 A. [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

15 Q. Mr. Parkyn, is it correct in your testimony
16 that you provided a new set of total operating and
17 maintenance costs for a 40-year 40,000 MTU facility as
18 compared to the 1998 business plan scenario for a
19 40-year 40,000 MTU facility?

20 A. (Witness Parkyn) I guess I'm not sure if --
21 what point you're asking.

22 Q. Okay. Let me ask it a different way. Are
23 the costs in your testimony for total -- strike that.

24 Is it correct that you provided in your
25 testimony a total operating and maintenance cost for

1 the Private Fuel Storage facility?

2 A. (Witness Parkyn) Yes, um-hum. I tried to,
3 yeah.

4 Q. And is it correct that those costs are
5 different than the total operating and maintenance
6 costs for a 40-year 40,000 MTU facility in the 1998
7 business plan?

8 A. (Witness Parkyn) I'm sure that there are
9 potentially some elements that were updated, yeah. I
10 think there are several questions that address some
11 updating.

12 Q. And you mentioned updating. Was the 1998
13 business plan operating cost estimate the basis for
14 your estimates in the prefiled testimony?

15 A. (Witness Parkyn) Yeah. It's where I
16 started to mention there were a couple of parameters
17 that had to be updated, and I think there were separate
18 questions in my prefiled testimony.

19 Q. And is it correct that you testified in your
20 prefiled testimony that the average annual O&M cost in
21 1997 dollars is about [REDACTED] per year?

22 A. (Witness Parkyn) I'll have to find that.

23 MR. SILBERG: If you look at Answer 18 on
24 page 6, Ms. Nakahara.

25 MS. NAKAHARA: Yes, thank you.

1 Q. If you'll review your Answer 18 on page 6.

2 A. (Witness Parkyn) [REDACTED] okay.

3 Q. And will actual annual operating and
4 maintenance costs, in fact, be the same for every year?

5 A. (Witness Parkyn) I -- no. What -- as I
6 explained in my earlier answer to a Board question, the
7 costs of casks and canisters are being paid for each
8 year as they're used by the utility that's going to use
9 them. So that puts peaks and valleys, if you want to
10 think of it that way, in the amount of expenditures
11 each year that's O&M. So instead of building things
12 way ahead time and having a flat O&M every year,
13 they're built as they're actually needed, and they're
14 characterized that way. So the site expenses, other
15 than casks and canisters, are relatively flat as you
16 can see I think from the business plan, if you
17 remember, but the number of casks and canisters
18 manufactured each year varies.

19 Q. And will PFS, in fact, operate a 40,000 MTU
20 facility?

21 A. (Witness Parkyn) PFS has applied for a
22 40,000 metric ton facility. What it will end up
23 operating, of course, will depend on service agreements
24 with the utility industry. That's what the license
25 would allow as a maximum, and if we receive commitments

1 to use a facility of that size, then we would, you
2 know, end up with such a size facility. And then once
3 all of the fuel was received, then we would, in fact,
4 be operating a 40,000 MTU facility.

5 Q. And is it correct you testified either this
6 morning or yesterday that PFS is in the process of
7 obtaining service agreement commitments?

8 A. (Witness Parkyn) No. We're preparatory of
9 that, but that process will start relatively soon.

10 Q. Is it correct that you testified that you
11 anticipate having service agreements signed when the
12 license is issued?

13 A. (Witness Parkyn) That -- definitely, yes.

14 Q. [REDACTED]

15 [REDACTED]

16 A. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 Q. [REDACTED]

23 [REDACTED]

24 A. [REDACTED]

25 [REDACTED]

1 Q. Assuming, according to the schedule in this
2 adjudicatory process, the soonest you could receive a
3 license if that schedule is met would be November of
4 2001 --

5 A. (Witness Parkyn) Um-hum. (Affirmative.)

6 Q. -- end of November 2001, given that that's
7 approximately 18 months from now, do you have a feel
8 for the amount of spent fuel that you'll receive
9 service agreement commitments for?

10 A. (Witness Parkyn) I can't say that I do at
11 this point, not until you actually go out and offer
12 them.

13 Q. Is it your understanding that although
14 you -- strike that.

15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 A. [REDACTED]

20 Q. [REDACTED]
21 [REDACTED]

22 MR. SILBERG: [REDACTED]
23 [REDACTED]
24 [REDACTED]

25 MS. NAKAHARA: [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 A. [REDACTED]

5 [REDACTED]

6 Q. [REDACTED]

7 A. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 Q. [REDACTED]

16 A. [REDACTED]

17 [REDACTED]

18 Q. [REDACTED]

19 A. [REDACTED]

20 Q. [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 A. [REDACTED]

24 [REDACTED]

25 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 Q. [REDACTED]

5 [REDACTED]

6 A. [REDACTED]

7 Q. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 MR. SILBERG: [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 MS. NAKAHARA: [REDACTED]

14 [REDACTED]

15 MR. SILBERG: [REDACTED]

16 MS. NAKAHARA: [REDACTED]

17 MR. SILBERG: [REDACTED]

18 WITNESS PARKYN: [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

1
2
3
4

5 Q. All right. Thank you. That was -- I guess
6 that was the point I was trying to address. Thank you.

7 Next I'd like to discuss the general
8 assumption you used in your O&M costs in your prefiled
9 testimony. Is it correct that you assumed the 40,000
10 MTUs of spent fuel will be shipped off site to a
11 Department of Energy facility?

12 A. (Witness Parkyn) I -- I did assume it would
13 be shipped off site. Of course, the Department of
14 Energy is the desired recipient.

15 MS. NAKAHARA: May I approach, Judge
16 Bollwerk?

17 JUDGE BOLLWERK: Yes.

18 Q. (By Ms. Nakahara) This is page 33 of -- 33
19 and 34 of 118 out of the 1998 PFS business plan for the
20 40-year 40,000 MTU scenario which identifies spent fuel
21 throughputs and shipments dated July 8, 1998; is that
22 correct?

23 A. (Witness Parkyn) That's correct.

24 JUDGE BOLLWERK: Do you want this marked for
25 the record?

1 MS. NAKAHARA: Yes, please.

2 JUDGE BOLLWERK: All right. Why don't we go
3 ahead and let the record reflect that the document just
4 identified by Ms. Nakahara has been marked for
5 identification as State Exhibit 33.

6 [State's Exhibit 33 was marked
7 for identification.]

8 MR. TURK: May I ask, is there a previous
9 exhibit number for this one?

10 JUDGE BOLLWERK: There was a previous
11 exhibit which was page 54 of this business plan. This
12 is different pages. This is 33 and 34, and that was
13 Exhibit 32. Was that your question?

14 MR. TURK: May we go off the record a
15 moment, Your Honor?

16 JUDGE BOLLWERK: Sure.

17 (A discussion was held off the record.)

18 JUDGE BOLLWERK: Back on the record.

19 Q. (By Ms. Nakahara) Mr. Parkyn, are you
20 familiar with this document?

21 A. (Witness Parkyn) Yes.

22 Q. Does this document describe the spent fuel
23 throughput anticipated for a 40,000 MTU 40-year
24 facility?

25 A. Yeah. This was the model I used, right.

1 MS. NAKAHARA: Your Honor, I'd like to move
2 that this document be accepted into evidence.

3 JUDGE BOLLWERK: Any objections?

4 MR. SILBERG: Could I just ask why this is
5 relevant to the witness's testimony?

6 MS. NAKAHARA: I just want to confirm that
7 this is the shipment scenario that he based his O&M --
8 where I'm going is I would like to, I guess, inquire,
9 not confirm, whether this is the scenario that --
10 Mr. Parkyn developed his 40,000 MTU 40-year O&M costs
11 based on this shipment scenario.

12 MR. SILBERG: Oh, so this would be the basis
13 for his costs?

14 MS. NAKAHARA: Yes.

15 MR. SILBERG: No objection.

16 JUDGE BOLLWERK: No objection?

17 Staff, no objection?

18 MS. MARCO: No.

19 JUDGE BOLLWERK: Then the record should
20 reflect that State Exhibit 33 has been received into
21 evidence.

22 [State Exhibit 33 was received
23 into the record.]

24 Q. (By Ms. Nakahara) Mr. Parkyn, excluding the
25 first column which designates year, if you would just

1 consider that year one, year two, is this the shipment
2 scenario that you anticipated when you developed your
3 O&M cost estimate in your prefiled testimony?

4 A. (Witness Parkyn) Yes, for that case.

5 Q. Thank you.

6 And is it correct that you assume all
7 transportation costs for shipment off-site of the
8 Private Fuel Storage area is the responsibility of the
9 Department of Energy?

10 A. (Witness Parkyn) You're talking about the
11 outbound --

12 Q. Yes.

13 A. (Witness Parkyn) I assumed that they were
14 not PFS's. Again, as long as they're going to the
15 Department of Energy facility under the existing
16 contracts, as I understand them, they -- we're the
17 owners. Of course, we're not the owners of the fuel --
18 that's the Department of Energy's costs.

19 Q. I apologize for jumping around. I forgot to
20 ask you a question earlier based on the amount of fuel
21 that will be stored at Private Fuel Storage or the
22 amount of fuel that you anticipate will be stored at
23 Private Fuel Storage. Do you have any commitments, not
24 necessarily written commitments, from PFS members that
25 they will, in fact, store spent fuel at the PFS

1 facility?

2 A. (Witness Parkyn) I guess I -- I wouldn't
3 consider it really a commitment until it is a written
4 commitment. In other words, the service agreements
5 provide them their terms. So, you know, I'm not quite
6 sure how to answer that, what a commitment would be.
7 There's not a written agreement, so therefore, I think
8 in the -- I'm not a lawyer -- in the legalistic sense,
9 it really won't be a commitment until the service
10 agreements are signed.

11 Q. Do you have an indication from your members
12 the amount of spent fuel that they anticipate at this
13 stage that they'll store at Private Fuel Storage?

14 A. (Witness Parkyn) Not -- not really on the
15 amount. You know, I've certainly heard them say orally
16 that they plan to use the site, but they haven't said X
17 amount or X amount and the year we'll take it. They'll
18 get the service agreement first because they are
19 members, and that will give them an opportunity to
20 indicate that, plus make a commitment in writing.

21 Q. Thank you.

22 Next I'd like to address your testimony on
23 labor costs which start on page 7. Do you plan on
24 using any union labor at the site?

25 A. (Witness Parkyn) That's not something which

1 PFS is really involved in. Whether someone is union or
2 not is -- that's an employee decision.

3 Q. Did the rates -- your labor rates reflect
4 union rates or nonunion rates?

5 A. (Witness Parkyn) I -- I didn't look at
6 specific union versus nonunion rates.

7 Q. And is it correct that you testified that
8 PFS would need 42 employees to operate the 40,000 MTU
9 40-year facility?

10 A. (Witness Parkyn) The 42 employees is the
11 number that we placed in our license application.

12 Q. And how many shifts will be covered by those
13 42 employees?

14 A. (Witness Parkyn) Shifts --

15 Q. Shifts during the day, work shifts.

16 A. (Witness Parkyn) Are you asking how people
17 are deployed?

18 Q. Yes.

19 A. (Witness Parkyn) Okay. Basically, because
20 it's a federally licensed facility with nuclear
21 materials, you will have security requirements that go
22 around the clock. Otherwise, staff assignments are
23 dependent on, you know, when you need them. Most
24 people prefer to work during the day, and much of the
25 work is assignable. A lot of the utilities now have a

1 cooperative arrangement with staff that -- the one
2 where I work is a good example. The staff and the
3 cooperative have worked it out so some of our folks
4 work eight-hour days, five, some of them work ten-hours
5 days, four a week, some of our operations people have
6 to go around the clock, so they'll work twelve hours,
7 three an a half days a week.

8 So it's -- until the staff is selected and
9 it's worked out what the people are going to work there
10 based on the tasks that you have to do -- you have to
11 accommodate some of your staff needs too as people, so
12 basically I can't say so-and-so will be here. This
13 will not be the typical nine-to-five type of
14 arrangement. Security guards will have to work shifts
15 because we always have to have them. Other staff
16 members may work a nominal five-day week and then, when
17 maintenance or operational needs are required, be ready
18 to shift into some other work pattern while that's
19 going on.

20 Q. What do you anticipate will be the -- strike
21 that.

22 How many times during the week do you
23 anticipate receiving and transferring fuel?

24 A. (Witness Parkyn) There's no way to say. It
25 will depend on once we have service agreements and we

1 know when the shipments would come in. So you would
2 schedule staff, you know, not just to sit there but
3 literally to be ready and be fresh when shipments
4 arrive or are expected to depart, say, to the
5 Department of Energy. So once you have service
6 agreements, then you will know how many shipments in
7 the year.

8 You still won't be down to what time during
9 the year. Then there will be a pattern that in the
10 year before, just before the receipt year, you get very
11 detailed as to when during the year you expect those
12 shipments to come in. So once you have your shipments
13 for the year, we'll call it nominally scheduled and
14 lined out, probably by at least week, then you'll start
15 working your schedule out with your staff so you can
16 accommodate vacations and your other needs and then you
17 have peak staff there and mobilized when you need them.

18 Q. Do you have any plans to limit transfer
19 operations to daylight hours or -- to daylight hours --

20 A. (Witness Parkyn) No -- I'm sorry.

21 MR. SILBERG: I was just going to ask, when
22 you say "transfer operations," you mean within the
23 canister transfer building?

24 MS. NAKAHARA: Yes.

25 WITNESS PARKYN: Remember, the canister

1 transfer facility is eliminated, so, no.

2 Q. (By Ms. Nakahara) Are there any safety
3 restrictions to the number of hours employees handling
4 spent fuel are allowed to work per shift?

5 A. (Witness Parkyn) The NRC has guidelines
6 that we'll certainly comply with.

7 Q. Do you know what those guidelines are?

8 A. (Witness Parkyn) Well, I hate to do things
9 by memory, and the staff may know better than I do. I
10 know that in handling spent fuel, you know, there's an
11 absolute -- there's not more than -- I believe it's 12
12 hours in a day, but then there's restrictive ones for
13 48 hours,
14 72 hours, there's no way -- I just don't have each of
15 them memorized.

16 Q. Is it correct that you testified that the
17 labor requirements to pour concrete into these storage
18 casks were included in the labor estimates?

19 A. (Witness Parkyn) You're talking about that
20 portion of it that would use staff from the site? Yes.
21 It doesn't include the contractor staff.

22 Q. That's in your answer to Question No. 42.

23 Can you identify which -- which job -- which
24 type of staff will be used to pour the concrete into
25 the storage canisters -- or excuse me, storage casks?

1 A. (Witness Parkyn) No. I haven't identified
2 it as a specific task assigned to --

3 Q. Are there specific qualifications or
4 certifications needed to pour the concrete into the
5 casks?

6 A. (Witness Parkyn) No.

7 Q. Do you anticipate using security staff to
8 pour the concrete into the --

9 A. I haven't specifically assigned it to
10 security. What I contemplate is the fact that our
11 staff will be quite versatile fill and cross-trained.
12 That's what we've done in some of our plants, so that
13 persons who have mechanical/electrical maintenance
14 preference, you know, job titles, will be cross-trained
15 to do several things. Security staff in power plants
16 are often trained to do other jobs, so that certainly
17 has a potential. It wouldn't be while they were there
18 as a security guard, but they might come in and help
19 with that. It's possible.

20 Q. This morning you testified that security
21 personnel would accompany the spent fuel shipments in
22 transportation. Have you included the labor costs for
23 the security personnel needed for transportation in the
24 labor cost estimates?

25 A. (Witness Parkyn) No, and maybe I should

1 clarify. The security costs that I'm talking about in
2 transportation are not the security forces. They're
3 part of the transportation costs, but they're also
4 different people. Federal regulations require that you
5 have a certain guard component, and that when they're
6 in a populated area, I think it's above 125,000 people,
7 that they be armed, carrying weapons.

8 And in a situation where they're off the
9 reservation site where our security guards are trained,
10 you'll be crossing jurisdictions, so what we'll do is
11 hire outside security guards that have the right to
12 carry weapons across different jurisdictions in the
13 country to be those sorts of security guards. We won't
14 be taking people from our site in Utah and sending
15 them, you know, armed around the country. Basically
16 they will be people who have the authority in
17 compliance with the state and federal laws on firearms
18 to -- to travel in that mode --

19 Q. And where --

20 A. (Witness Parkyn) And those costs will be
21 passed -- they'll be part of the transportation.

22 Q. Thank you. That was going to be my next
23 question.

24 In the event you operate the intermodal
25 transfer facility, will the security personnel -- have

1 you identified -- have you accounted for the employees
2 at the intermodal transfer facility --

3 A. (Witness Parkyn) You mean the security
4 coverage.

5 Q. Strike that. Let me start over.

6 In the event you operate the intermodal
7 transfer facility, the labor needed to operate the
8 intermodal transfer facility, has that been included in
9 these 42 employees?

10 A. (Witness Parkyn) It would be drawn from
11 there with the exception that you'd have to have
12 security, and as it's off site, basically, the security
13 that had traveled with it inbound would have to be
14 retained at the intermodal transfer point so that the
15 only security provided by site staff would be to
16 accompany the -- the heavy haul truck when it was ready
17 to leave the intermodal transfer point and move to the
18 storage site.

19 Q. So the security that will remain at the
20 intermodal transfer facility, the security personnel,
21 have they been accounted for in your labor cost
22 estimates?

23 A. (Witness Parkyn) No. They [REDACTED]
24 [REDACTED] that would be part of the cost of
25 transportation because you're still in transportation.

1 And the security staff assigned to the site to cover
2 that would have to be in addition to the minimum
3 required at the site. They could not count as those
4 that are on duty at the site, so you would be paying
5 overtime for a security guard for that couple-of-hour
6 trip.

7 Q. Mr. Kapitz -- I don't want you to fall
8 asleep -- is it correct that with respect to the labor
9 estimate, is it correct that you testified Mr. Parkyn's
10 staff estimate of 42 people is consistent with the
11 Prairie Island staff for similar operations?

12 A. (Witness Kapitz) I testified that the
13 staffing at 42 seemed reasonable based on similar tasks
14 that we do at Prairie Island.

15 Q. Isn't it true that labor at the Prairie
16 Island facility is combined with the reactor staff?

17 A. (Witness Kapitz) That's correct.

18 Q. And how many employees at the Prairie Island
19 ISFSI have ISFSI-related duties?

20 A. (Witness Kapitz) No one has full-time ISFSI
21 duties at the Prairie Island Nuclear Plant. When
22 activities occur at the ISFSI, transferring casks,
23 loading casks or doing surveillance, staff to do that
24 is drawn from the reactor operating staff. But there's
25 no one on site, aside from myself, who is assigned as a

1 dedicated employee to the ISFSI.

2 Q. When you conduct transfer operations, how
3 many employees are involved?

4 A. (Witness Kapitz) It depends on the
5 particular activity. We can have -- and understand,
6 some of the activities that we do are activities that
7 are not done at the PFS, loading fuel, for example.
8 When we transfer casks and move them with cranes or use
9 our on-site transfer facility -- vehicle, we can range
10 from anywhere as small as maybe three people moving
11 casks, unloading from a railcar, upwards to eight to
12 ten people directly involved in the operation itself.

13 Q. Operations of transferring the spent fuel to
14 the storage facility; is that correct?

15 A. (Witness Kapitz) Yes. And that includes
16 the maintenance people who are physically moving the
17 casks. That includes the radiation protection
18 specialists who are doing radiation surveys, security,
19 quality assurance.

20 Q. And that's security to accompany the cask to
21 the storage facility and not site security; is that
22 correct?

23 A. (Witness Kapitz) For that we use site
24 security. We do not go off site ever with our casks.

25 Q. But there are other security requirements

1 to -- are there other security -- strike that.

2 Are you required to have other personnel
3 available to secure the site as a whole versus the
4 security personnel who accompany the casks to the
5 storage pad?

6 A. (Witness Kapitz) The security is provided
7 by the existing on-site security staff. During
8 transfer, one of those security -- at least one of
9 those security personnel has to accompany the casks
10 from one protected area to another. We go roughly 200
11 yards between the plant protected area to the ISFSI
12 protected area. When it's in transit, we do have to
13 have security accompany that vehicle. Once it's inside
14 the protected area of either the ISFSI or the plant,
15 then no educated security force are required to monitor
16 it.

17 Q. All right. Thank you.

18 Is it correct in your response to Question
19 No. 4 you indicated that you're responsible for
20 preparing and managing the Prairie Island ISFSI budget.

21 A. (Witness Kapitz) That's correct.

22 Q. Is it true that your duties do not include
23 budgeting for any labor used at Prairie Island?

24 A. (Witness Kapitz) No, that's not true. It
25 does include budgeting for labor for cask fabrication

1 and delivery. Labor to load the casks is done with the
2 existing plant labor force and is done under the
3 existing O&M budget, so cask loading is not budgeted
4 separately. But all activities to fabricate the cask,
5 deliver and receipt inspect them is done separately,
6 and I do budget for that labor component.

7 Q. And can you explain what you mean by cask
8 fabrication and delivery, labor for cask fabrication
9 and delivery?

10 A. (Witness Kapitz) The casks are fabricated
11 at facilities that are apparently in Pennsylvania, not
12 on our site, so that's -- NSB has labor associated with
13 that for monitoring, for quality assurance, engineering
14 oversight. Cask delivery is the shipments. We
15 coordinate the shipments from the fabricators to
16 Prairie Island, so we have labor involved in that. And
17 then we have labor involved in receipt and inspection
18 of the cask when it arrives on site to make sure it
19 hasn't undergone any shipping damage.

20 Q. And in your answer to Question No. 27, is it
21 true that you testify that at Prairie Island you
22 receive railcars and unload casks?

23 A. (Witness Kapitz) That's correct.

24 Q. How often do you unload casks at Prairie
25 Island?

1 indicated that he has budgeting costs or labor costs to
2 monitor and oversee the construction of the canister --
3 well, the casks in the Prairie Island situation. Did
4 you account for any labor costs to oversee the
5 manufacturing of the canisters and storage casks for
6 PFS?

7 A. (Witness Parkyn) Basically we do have some
8 quality assurance staff. Part of the issue of
9 overseeing the manufacture is going to be what
10 relationship we're going to be working out with the
11 customers of the site.

12 Federal requirements are that you retain
13 title to your fuel. They also are pretty stringent on
14 the fact that you can't delegate ultimate
15 responsibility for safety.

16 So the canister, per se, is the container of
17 the fuel that belongs to the customer as opposed to
18 PFS, and we will be encouraging our -- our member
19 utilities that are not just a member, our customer
20 utilities, to have quality assurance staff available to
21 oversee that manufacture. We'll be overseeing some of
22 them.

23 But this has been a subject of a lot of
24 discussion, and the feeling is very strong that we need
25 to have good quality assurance sight and that that

1 requires a partnership with all the users because
2 ultimately the piece of equipment that they're
3 responsible as -- as a licensee back, you know, the
4 owner of the fuel, the Part 54 licensee, is going to be
5 that canister in which they're fuel is placed and then
6 seal it in. So much of the QA is not -- quality
7 assurance oversight is not really delegatable so we
8 intend to do so. But we intend very strongly to
9 encourage our customers to understand their own
10 responsibility to ensure that what's being fabricated
11 is being used for their fuel, and they do have a
12 responsibility to ensure the quality of that
13 manufacture.

14 A. (Witness Kapitz) If I may add on that, I
15 believe that's also -- the understanding I have is that
16 these canisters, the title will be retained by the
17 owners, and the owners, myself as a customer, will
18 provide the majority of the oversight of the quality
19 assurance of these canisters. And I also expect that
20 probably the owners will do that somewhat jointly,
21 which I have experience with right now for our cask
22 fabrication. We are teaming with another utility that
23 is doing fabrication at the same facility with the same
24 type of casks, and jointly sharing that -- that duty.

25 Q. When you jointly share responsibilities for

1 quality assurance of the casks manufacture --
2 manufacturing of the casks, do you sign some type of
3 memorandum or agreement that you share liability or --

4 A. (Witness Kapitz) No. The process that
5 we've used, we have hired out an contract person, a
6 quality assurance expert, to be resident in the shop.
7 We shares his costs. And he reports -- he has separate
8 costs with both of us. So we share in the costs, and
9 we'll receive fabrication reports directly to us
10 independently.

11 Q. And Mr. Parkyn has testified that they
12 have -- you haven't determined how you'll address that,
13 but do you anticipate that you'll address it similarly,
14 higher a contractor and share costs, either of you?

15 A. (Witness Kapitz) That's certainly my
16 understanding and expectation of how we'll be doing it.

17 Q. Would you like to add anything, Mr. Parkyn?

18 A. (Witness Parkyn) Yeah, that's correct, the
19 feeling I have on it.

20 You also mentioned the shipping casks, and
21 that's something -- you know, there's just a few of
22 those -- and that we'll be overseeing with the quality
23 assurance staff that we have -- remember, they're
24 manufactured early on -- or as several of them have
25 already now been manufactured and are in the possession

1 of one of the PFS owning utilities, that they have
2 overseen their manufacture with their quality assurance
3 staff that went up there and watched it. So we would
4 watch the manufacture of the 9 to 13 shipping canisters
5 or casks directly with PFS or a member if they later
6 became the ones that purchased it and later transferred
7 it to us.

8 Q. Just to clarify, is it correct that any
9 quality assurance staff, PFS quality assurance staff
10 that that would do any oversight on the manufacturing
11 is already included in your labor cost estimate?

12 A. (Witness Parkyn) Yeah, do I have quality
13 assurance in my labor.

14 Q. And just to clarify again, Mr. Parkyn, is it
15 correct you testified, which I believe you just did
16 again, that the labor to load the canisters at the
17 reactor site, whether it's by dry transfer technology
18 or using a HI-TRAK transfer cask, will be provided by
19 the customer?

20 A. (Witness Parkyn) Yes, it will be by the
21 customer.

22 Q. [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

1 A. [REDACTED]

2 Q. [REDACTED]

3 A. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 Q. And given your testimony about NRC
15 restrictions on spent fuel handling and to the extent
16 that you can make an opinion, are there any
17 restrictions to the amount of hours that a particular
18 worker can work when they were loading spent fuel into
19 a canister?

20 A. (Witness Parkyn) It's my understanding from
21 the standard aspects that we had at our facility that
22 that would be an activity that's important to safety
23 that's probably under the -- under the maximum of 12
24 hours in a 24-hour period, the ones that I discussed
25 before. And it's very restrictive, so you can't build

1 time-and-a-half-days up over any period of time, and
2 it's pretty vigorously enforced.

3 Q. And, Mr. Kapitz, not to contradict
4 Mr. Parkyn, but do you have an opinion or is that your
5 understanding also?

6 A. (Witness Kapitz) No, he's correct. There
7 are NRC regulations that say I believe it's like 12
8 hours in a 24-hour period, no more than 24 in 48 hours
9 and so many days in a row before you're required to
10 have a day off. And that's common that we -- we
11 enforce that at Prairie Island every day.

12 Q. And do you recall from your transfer --
13 Mr. Kapitz, do you recall from your transfer operation
14 that you do at Northern States Power approximately how
15 many days in a row an employee can work on fuel
16 handling?

17 A. (Witness Kapitz) Well, for our transfer
18 operations for the casks, we've never approached those
19 limits. We tend to work just during the day shift,
20 eight-hour days. One day that we do have two shifts,
21 we have two crews. So we've never approached any of
22 those limits in our overtime restrictions.

23 Q. Okay. Thank you.

24 JUDGE BOLLWERK: I'd just mention that it's
25 noontime. Are you coming to a stopping point --

1 MS. NAKAHARA: Actually, probably one more
2 question.

3 JUDGE BOLLWERK: We have a little latitude
4 here, so I just wanted to mention it to you.

5 (A discussion was held off the record.)

6 MS. NAKAHARA: I have no more questions
7 right now, if I can continue after the lunch.

8 JUDGE BOLLWERK: Do you have a sense of how
9 long when we get back you're going to be?

10 MS. NAKAHARA: At least a couple more hours.

11 JUDGE BOLLWERK: Okay. All right. Why
12 don't we go ahead and take a lunch break. It's now
13 noontime. Why don't we say one.

14 MR. CURRAN: A request.

15 JUDGE BOLLWERK: All right.

16 MS. CURRAN: I know there's a difference of
17 opinion in the room, but I think it's freezing in here.
18 And I don't think I'm alone.

19 JUDGE BOLLWERK: Okay. I need to take care
20 of that. That's been brought to my attention.
21 Unfortunately, there's nothing I can do right now, but
22 well take care of that.

23 MR. SILBERG: There is a difference, and I
24 actually prefer it this way. But --

25 MS. CURRAN: Well, you must have your wool

1 socks on.

2 (Lunch recess was taken.)

3 * * *

4 JUDGE BOLLWERK: Let's go back on the
5 record. We're back after our afternoon lunch break,
6 which in fact did happen at noontime today rather than
7 some other hour.

8 Just, for the record, Mr. Silberg just
9 before the lunch break, distributed I think to all
10 parties a copy of Mr. Peterson's letter. And as I say,
11 that now goes into the mix. I will check with -- it
12 looks like it's been sent to the hearing documents
13 already, but I'll check that when I get back to
14 Washington. So I appreciate you making the copies for
15 all of the parties and for the Board.

16 All right. I think we were in the
17 cross-examination of this panel of Parkyn and Kaptiz.

18 MS. NAKAHARA: Thank you, your Honor.

19 CROSS-EXAMINATION (Resumed)

20 BY MS. NAKAHARA:

21 Q. The next area I would like to discuss are
22 the railroad fees cost estimate. Mr. Parkyn, if you
23 look on page 13 of your testimony and your response to
24 question number 45, is it correct you indicated that
25 the railroad fees are for transporting loaded cash

1 shipments from the utilities to the PFS facility for
2 transporting empty canisters from the fabricator -- I'm
3 sorry, are you looking for the page?

4 A. Yes.

5 Q. Okay.

6 A. Just tell me the page.

7 Q. Page 13, your response to Question 45. Is
8 it correct that you testified in your response that the
9 railroad fees are for transporting loaded cask
10 shipments from the utility to the Private Fuel Storage
11 facility building, transporting empty canisters from
12 the fabricator to the utility site, and transporting
13 related support equipment from utility sites to utility
14 sites?

15 A. (Witness Parkyn) That's correct.

16 Q. And what is the related support equipment?
17 What do you mean by related support equipment?

18 A. (Witness Parkyn) Basically that would be
19 the -- either the transfer casks or the dry transfer
20 casks, whichever had been used at that site. That may
21 be, but probably wouldn't be the welding equipment,
22 that will probably be shipped by truck.

23 Q. And then in your response to Question 46 on
24 the following page, is it correct that you based your
25 estimates, your railroad estimates on information from

1 Union Pacific Railway and Burlington Northern Railway?

2 A. That's correct.

3 Q. In obtaining your shipping estimates from
4 those two railroad companies, were they based on using
5 the railroad's equipment or Private Fuel Storage's
6 equipment?

7 A. (Witness Parkyn) When they were originally
8 given, they were based on our providing the equipment
9 that we are providing, except at this time the railroad
10 was providing the locomotives and now we are. So, you
11 know, it would cost less when you're actually providing
12 the motive equipment, but from the beginning we were
13 providing the rest of the equipment, we were providing
14 the operating staff, fueling, use of their trackage.

15 Q. So did you consider that in your cost
16 estimates, an adjustment for providing your locomotive?

17 A. (Witness Parkyn) No. I did not lower it
18 even though we will be using our equipment.

19 Q. [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 A. [REDACTED]

24 Q. [REDACTED]
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A. [REDACTED]

[REDACTED]

Q. And is it correct or accurate to say that transportation costs are specific to each reactor site?

A. (Witness Parkyn) To a large degree. In other words, mileage is a major component. So while it will work out to approximately the same per mile, it will depend on where the reactor is sitting distancewise from PFS.

Q. [REDACTED]

[REDACTED]

A. [REDACTED]

[REDACTED]

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Q. [REDACTED]

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A. [REDACTED]

4 [REDACTED]

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Q. In calculating the estimate in your prefiled testimony, did you assume that PFS will use its own rail equipment to transport all spent fuel?

8

9

A. With that caveat on locomotives, yes. Yes, I assumed our equipment would transport all spent fuel.

10

Q. The caveat on locomotives.

11

12

13

14

A. I was just going back. If you were getting back to what the rail line had originally estimated, again, that was with their locomotives. That was the only difference.

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16

17

Q. But your assumption today is that all spent fuel will be transported by Private Fuel Storage-owned trains?

18

A. Equipment, yeah.

19

20

21

Q. Is it your assumption today that all fuel loading equipment will be carried by Private Fuel Storage rail equipment or transportation equipment?

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A. (Witness Parkyn) No. The fuel transport equipment, in other words, the casks and the canisters would be. So far as shipment from site to site, say, of the transfer casks, dry transfer casks, that would

1 be a commercial hauler. You wouldn't try to have
2 PFS-owned trucking equipment or rail equipment sitting
3 there to haul something like that.

4 Q. And you indicated that all canisters would
5 be transported by PFS's rail equipment. Does that
6 include empty canisters?

7 A. (Witness Parkyn) Going out to the reactor
8 site that's our intent, yes.

9 Q. [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 A. [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 Q. And earlier today you indicated you would
21 use several railroads to ship, and I'm not sure -- I
22 guess I'm asking, did I misinterpret what you said,
23 several railroads to ship spent fuel. Were you talking
24 about railroad lines or crews?

25 A. (Witness Parkyn) Yeah, both.

1 Q. And physically several different trains?

2 A. (Witness Parkyn) No. Coming in loaded it's
3 a single train that stays together, but there have been
4 a lot of mergers in the United States among railroads,
5 but there's still virtually every location, with maybe
6 one or two exceptions, that would involve more than one
7 railroad. And based on federal licenses and railroad
8 union operating agreements, the crews basically don't
9 cross from railroad to railroad. I'm talking the
10 operating crews. So you would have more than one
11 railroad and then within each railroad, depending on
12 the length of time, they have a 12-hour crew law, you
13 may have more than one operating crew on any given
14 shipment.

15 Q. And I believe you answered this yesterday,
16 but is it correct that the railroad companies will
17 provide the main line crews?

18 A. (Witness Parkyn) Definitely.

19 Q. Will the railroad companies also provide the
20 short line crews?

21 A. (Witness Parkyn) That would be a singular,
22 they could. It would normally be the adjacent
23 railroads. In that case it would be the Union Pacific
24 if we do that.

25 Q. If Union Pacific didn't provide the short

1 line crew, who would provide the crew?

2 A. (Witness Parkyn) Are you just talking from
3 -- on the short line?

4 Q. Yes.

5 A. (Witness Parkyn) We would have, as we
6 indicated on the license application, some site staff
7 would be licensed on the short line of the federal
8 license. So if we would choose to not have Union
9 Pacific do it, for whatever reason, their availability,
10 whatever, we have that backup where our people could
11 complete that. Generally, obviously, they would be
12 able to just use the short line locomotive to take
13 empties up there.

14 MS. MARCO: Are we talking about the line
15 from the reactor to the main line?

16 MR. PARKYN: I think she's talking the Great
17 Salt Lake and Southern Railway.

18 Q. (BY MS. NAKAHARA) And would the PFS staff
19 that would qualify for the short line rail crew, are
20 they already included in your labor cost estimates?

21 A. (Witness Parkyn) Yes.

22 Q. And do the railroad fees include the main
23 line usage -- I don't know what it's called -- the fee
24 to use the actual rail line?

25 A. (Witness Parkyn) Yes.

1 Q. As the owner of the train equipment, do the
2 railroad fees include any carrier liability insurance?

3 A. (Witness Parkyn) They do. I remember
4 putting that in the STB filing, but by carrier
5 liability, basically you're just talking about the
6 rolling -- remember, we're not on our own railroad.

7 Q. Yes.

8 A. (Witness Parkyn) So the main line liability
9 is not with who owns the railroad, it's with who owns
10 the car itself.

11 Q. And by saying that the liability remains
12 with who owns the railroad, are you implying that the
13 liability is covered in the fees that are charged for
14 the use of that?

15 A. (Witness Parkyn) Yes. Just basically for
16 clarification -- the Price-Anderson Act, the nuclear
17 part of it, of course, is a different issue because we
18 ship under Price-Anderson to the utility and the
19 utility owns the fuel. The railroad itself is involved
20 with, you know, injury to persons who cross the track
21 or if a locomotive strikes a vehicle and they get sued
22 and things like that. And the cost of their -- we'll
23 call it their operating liability insurance is part of
24 their fees that they can charge you because, you know,
25 they have no way to differentiate between one train and

1 another.

2 Q. Yesterday you testified about the need for
3 periodic servicing of the locomotives. Are those costs
4 included in these railroad fees?

5 A. (Witness Parkyn) Yes.

6 Q. Is it correct that you testified yesterday
7 that a rail shipment may include one to six casks of
8 spent fuel?

9 A. (Witness Parkyn) My recollection, yeah.

10 Q. Or I guess what is the minimum and maximum
11 fuel shipment that you anticipate?

12 A. (Witness Parkyn) Well, there isn't. I
13 mean, the maximum would be limited to the number of
14 cars that we have at the time. Initially we have six
15 so initially it would be six. The minimum would be the
16 one.

17 Q. Where will the loaded transportation casks
18 of spent fuel be stored at the reactor prior to loading
19 on the rail cars?

20 A. (Witness Parkyn) Excuse me, that's the
21 responsibility of the licensee. And what they have to
22 do is store it within the area covered by their site
23 license for security or they would have to provide the
24 required security if they had it outside of there. So,
25 you know, facilities such as the one in Wisconsin will

1 certainly store it within the protected area so that
2 the site security force, should there be one loaded
3 while a second one is being loaded or a third one, that
4 the already loaded ones will be within the security
5 envelope of the nuclear plant itself.

6 Q. And do reactor sites that have rail sidings
7 or direct rail access, do they have sufficient rail
8 siding space to accommodate up to six rail cars?

9 A. (Witness Parkyn) I can't speak for each
10 one. I would say those that I have been at probably do
11 without exception. I don't recall any that would have
12 any area shorter than that. It may not be within their
13 existing boundary that is security so they would have
14 to modify their security zone if it weren't, but that
15 would be a decision they would have to make.

16 A. (Witness Kapitz) I can't speak for other
17 train sites, but we do have enough rail siding capacity
18 for one to six rail cars and casks.

19 Q. Is it also correct that PFS anticipates
20 receiving up to four casks per week?

21 A. (Witness Parkyn) That would be correct.

22 Q. And in your answer to Question 46 on page
23 14, is it correct that the railroad fees were based on
24 a average distance to a Midwest reactor site?

25 A. (Witness Parkyn) Yes.

1 Q. What Midwest reactor site did you select?

2 A. (Witness Parkyn) It happened to be the one
3 at -- near LaCrosse, Wisconsin.

4 Q. That makes it easy. How long would it take
5 for a shipment of four casks of spent fuel to be
6 shipped by rail from LaCrosse to PFS, approximately?

7 A. (Witness Parkyn) I don't know exactly.
8 About 33 to 35 hours.

9 Q. And is it correct that Consolidated Edison
10 owns a reactor in New York?

11 A. (Witness Parkyn) That's correct. Two,
12 actually.

13 Q. Approximately how long would it take to ship
14 four casks of spent fuel by rail from Consolidated
15 Edison's reactor in New York to Private Fuel Storage?

16 A. (Witness Parkyn) I'm not exactly sure their
17 distance.

18 Q. And is it also correct that Florida Power &
19 Light is a new member of Private Fuel Storage?

20 A. (Witness Parkyn) That's correct.

21 Q. Do you have an idea how long it would take
22 to ship four casks from Florida to the Private Fuel
23 Storage facility?

24 A. (Witness Parkyn) Not exactly at this point.
25 They don't have rail access at their reactors.

1 Q. Can you ballpark it, like two days, three
2 days?

3 A. (Witness Parkyn) I would be a little
4 reluctant to ballpark that one until I looked at it.

5 Q. And you indicated that welding equipment for
6 spent fuel transfer at the reactor sites may be shipped
7 from reactor site to reactor site via truck?

8 A. (Witness Parkyn) Yes.

9 Q. Are those costs included in your railroad
10 fees?

11 A. (Witness Parkyn) In our transportation
12 fees, yes.

13 Q. [REDACTED]
14 [REDACTED]

15 A. [REDACTED]

16 Q. [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 A. [REDACTED]

22 Q. [REDACTED]
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- 2 A. [REDACTED]
- 3 [REDACTED]
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- 13 [REDACTED]
- 14 Q. [REDACTED]
- 15 [REDACTED]
- 16 [REDACTED]
- 17 A. [REDACTED]
- 18 [REDACTED]
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- 21 [REDACTED]
- 22 [REDACTED]
- 23 Q. [REDACTED]
- 24 [REDACTED]
- 25 [REDACTED]

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4 A. (Witness Parkyn) [REDACTED]
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18 Q. [REDACTED]
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24 A. [REDACTED]
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7 Q. What other rail transportation costs are
8 included in your estimate that we haven't discussed?

9 A. (Witness Parkyn) Let's see. We discussed
10 fees to the railroad. I believe we've discussed
11 operating costs that the railroad pass on, like their
12 fuel. We've discussed maintenance of PFS' equipment
13 and maintenance of its rail line. We discussed
14 security guards. Certainly any state fees that are
15 collected as you pass through each state under the
16 Federal Hazardous Waste Shipping Act which authorizes
17 certain amounts of that will be collected from the
18 shipper, you know, as part of the rail transportation
19 fees. And those actually are the main components, the
20 rail, the fees and the security.

21 Q. Do the railroad fees include costs for
22 maintaining the low rail spur of the Great Salt Lake
23 and Southern Railway?

24 A. Yes, they do. That was one of the reasons
25 for getting it in the shipping pattern. As a common

1 carrier it has the right to put its fees in this entire
2 split. So it receives a share of the total fee rather
3 than being treated as an individual block. So if you
4 were shipping on four railroads to get here, that might
5 be the fourth railroad, and their costs are met through
6 that. So you would assess the costs we talked about
7 before, you know, the maintenance costs, maintenance of
8 right-of-way using that method. So, in effect, it's
9 collected with the railroad bill.

10 Q. [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 A. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 Q. Now I'll turn to Mr. Kapitz.

19 A. (Witness Kapitz) Long wait.

20 Q. I was making sure you were paying attention.

21 In your answer to Question 48, is it correct
22 that you testified that assuming three casks per
23 shipment there's an allowance of [REDACTED] per shipment?

24 A. (Witness Kapitz) That's what I testified,
25 yes.

1 Q. And is it correct that you calculated the
2 [REDACTED] amount based on the [REDACTED] per kilograms of
3 uranium that is allocated for transportation?

4 A. (Witness Kapitz) That is correct.

5 Q. However, is it also true that the [REDACTED] per
6 kilograms of uranium fee for transportation also
7 includes the transportation costs for the empty
8 canister to be transported from the PFS facility to the
9 utility?

10 A. (Witness Kapitz) That's correct.

11 A. (Witness Parkyn) Just a correction, it's

12 [REDACTED]

13 Q. [REDACTED] thank you. I'm trying to get more
14 fees for you.

15 And is it also true that the [REDACTED] per
16 kilograms of uranium fee for transportation includes
17 transportation of the support equipment to the utility?

18 A. (Witness Kapitz) Yes, that's correct also.

19 Q. Thus, is it correct that all three shipments
20 for spent fuel, loaded spent fuel from the reactor site
21 to the Private Fuel Storage facility for transportation
22 of the empty canister from Private Fuel Storage
23 facility to the utility and the transportation of
24 support equipment from utility to utility must be
25 included in the [REDACTED] mile allowance that you

1 calculated?

2 A. (Witness Kapitz) That's correct.

3 Q. And is it correct in your answer to Question
4 48 that you testified you have experience in shipping
5 by a special dedicated train and that it costs about
6 [REDACTED] per mile?

7 A. (Witness Kapitz) That's correct. I would
8 point out that the [REDACTED] a mile does include the use of
9 the railroad locomotive. So I would expect -- my
10 purpose in using that as a benchmark against the
11 [REDACTED] was really to give a conservative estimate of
12 the amount of miles we could go on the railroad there,
13 but the fact that we'll be providing the railroad
14 locomotives, I expect that the charge for shipping the
15 PFS equipment will be significantly less than [REDACTED] a
16 mile, but we used the [REDACTED] a mile, which includes a
17 locomotive, as what I consider a very conservative
18 estimate of how many miles of we could ship with that
19 amount of money.

20 Q. And does that [REDACTED] per mile estimate --
21 scratch that.

22 How many casks are included in that [REDACTED] per
23 mile estimate?

24 A. (Witness Kapitz) That was essentially paper
25 locomotive when you are doing that. That was one

1 locomotive and one cask. You included one caboose
2 also.

3 Q. And isn't it true that your experience
4 relates to only shipping empty casks?

5 A. (Witness Kapitz) They're empty casks, there
6 wouldn't be any -- yes, that's true.

7 Q. And is there any transportation costs or
8 rail transportation costs in shipping empty casks
9 versus loaded casks?

10 A. (Witness Kapitz) All I can think of would
11 be the security element.

12 Q. Mr. Parkyn, approximately, what are the
13 costs of transporting three casks of spent fuel on the
14 Great Salt Lake and Southern Railway?

15 A. (Witness Parkyn) I couldn't tell you by
16 memory.

17 Q. Mr. Parkyn, do you know what the costs of
18 transporting three casks of spent fuel by heavy haul
19 truck from your anticipated intermodal transfer
20 facility location 1.8 miles west of Rowley Junction to
21 the Private Fuel Storage facility?

22 MR. SILBERG: Excuse me. For clarification,
23 which cost elements of are you referring to?

24 MS. NAKAHARA: Transportation costs by heavy
25 haul truck.

1 MR. SILBERG: You're referring to the cost
2 of the diesel fuel or cost of the operators?

3 MS. NAKAHARA: The entire transportation
4 costs. The operator, the --

5 MR. SILBERG: Are you including the cost of
6 the truck, for instance?

7 MS. NAKAHARA: Use of the truck.

8 MR. SILBERG: Okay.

9 MS. NAKAHARA: And whatever you can break
10 that down to per shipment or --

11 MR. SILBERG: The witness can answer. I
12 just wanted to make sure the question was
13 understandable because I didn't understand where the
14 question was going.

15 WITNESS PARKYN: Yeah, I don't have those
16 numbers by memory.

17 Q. (BY MS. NAKAHARA) Do you recall whether
18 they are less or more than what you've estimated for
19 rail fees?

20 A. (Witness Parkyn) I don't remember in the
21 absolute if they're less or more.

22 Q. Moving on to a different subject, I would
23 like to discuss debt financing on page 15, which is
24 wrong. On page 24. Thank you. And is it correct you
25 testified yesterday that PFS customers may debt finance

1 the construction portion of the one-time fee?

2 A. (Witness Parkyn) We contemplate making that
3 available, yes.

4 Q. [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 A. [REDACTED]

8 Q. [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 A. [REDACTED]

12 Q. [REDACTED]

13 [REDACTED]

14 MR. SILBERG: [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 MS. NAKAHARA: [REDACTED]

19 MR. SILBERG: [REDACTED]

20 [REDACTED]

21 MS. NAKAHARA: [REDACTED]

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MR. SILBERG:

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MS. NAKAHARA:

[REDACTED]

[REDACTED]

[REDACTED]

THE WITNESS:

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[REDACTED]

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MR. SILBERG:

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WITNESS PARKYN:

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Q.

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A.

[REDACTED]

MR. SILBERG:

[REDACTED]

MR. BOLLWERK:

[REDACTED]

[REDACTED]

MR. SILBERG:

[REDACTED]

[REDACTED]

Q.

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13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 Q. [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 A. (Witness Parkyn) We don't actually have any
22 control over the ownership of the fuel. So the utility
23 has to arrange with the DOE the use of their
24 allocation. So usually it's just based on the concepts
25 like oldest fuel first. So assuming that a utility

1 would happen to follow that, if their oldest fuel were
2 at our site then that would go first. If their oldest
3 fuel were at the reactor site that would go first. But
4 the utility owns the fuel and the Department of Energy
5 would be the ultimate receiver. So between them they
6 would decide which fuel they would ship in which year
7 and PFS would have to comply with that.

8 Q. Isn't it true that the current concept on
9 oldest fuel first merely allocates spent fuel capacity
10 for that reactor and there's no requirement to actually
11 send the oldest fuel first, that that's at the option
12 of the owner of the spent fuel?

13 A. (Witness Parkyn) I believe you're right on
14 that. I'm not 100 percent sure, but it is the fact
15 that in order to have maximum cooling time before
16 shipping, and there are a lot of other parameters
17 involved, that utilities wouldn't be shipping their
18 newest fuel first. They might be shipping a mixture of
19 their oldest and something from the middle of their
20 stock of spent fuel.

21 But again, the actual shipments are
22 something that the utility who owns the fuel and the
23 Department of Energy have to make the decisions on, and
24 effectively we're just there to provide the shipment on
25 the date. In other words, we don't open canisters, we

1 don't do anything with canisters. We would put the
2 specified shipping container with the appropriate
3 documenting paperwork together and have it ready on the
4 date and time that the Department of Energy and the
5 utility that owns it specify. And that's all the
6 say-so we would really have about which gets shipped
7 and what sequence.

8 Q. In having the fuel ready for shipment -- I
9 guess what does having the fuel ready for shipment
10 mean?

11 A. (Witness Parkyn) Okay. The shipment would
12 mean that the stuff we went through earlier would have
13 to be reversed. In other words, you would have the
14 spent fuel hauler go out, pick the designated canister
15 and its storage casks off of its place in the pad,
16 bring it back within the canister transfer building,
17 transfer it back into the shipping cask or a shipping
18 cask, if DOE has their own, and once you have, you
19 know, certified that you're in compliance with the 10
20 C.F.R. Part 71 license for shipment, you have the
21 appropriate documentation from the original utility
22 which gives you the inventory, what fuel assemblies are
23 in there, their age, the rate of new clients, and all
24 of the things that are required under federal law and
25 then it's ready for shipment and it's effectively at

1 the gate of your facility, and that's the point that
2 DOE takes custody.

3 And how they do that is up to them. They
4 can certainly have their own locomotives, I guess, or
5 rent operating crew from the host railroads. They have
6 to make those arrangements on their own.

7 Q. And do you assume that the transportation
8 casks are provided by Private Fuel Storage?

9 A. No, we do not. Actually, that's something
10 that's totally within the purview of the Federal
11 Government. Certainly their contemplation when they
12 were picking up from reactor sites was that they would
13 be providing the transportation casks. Whether they
14 would choose to use ours, of course, ours would largely
15 be done bringing fuel in, but that would be a decision
16 by the Department of Energy.

17 But the fuel is canisterized and fits those
18 casks, and if they did not use our casks, under NRC
19 regulations they would have to have the equivalent --
20 yes, Part 71, certified casks for that specific
21 account, let's say a HI-STAR, if we're talking the
22 same client. I mean, they couldn't just go out and use
23 anything, they would be governed by the same rules we
24 are. So whether they would negotiate to use ours,
25 which by then would be largely sitting there or not,

1 that would be a federal decision.

2 Q. [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 A. [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 Q. [REDACTED]

13 A. [REDACTED]

14 Q. [REDACTED]

15 [REDACTED]

16 A. [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 Q. Now, I would like to talk about canister
20 storage casks. I think you respond -- I apologize, I
21 don't know why my notes are all off. We're talking
22 about canisters and storage costs. I believe starting
23 on page 10, but your responses actually start on page
24 11. The first question, [REDACTED]
25 [REDACTED]

1 [REDACTED]

2 A. [REDACTED]

3 [REDACTED]

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5 Q. [REDACTED]

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8 A. [REDACTED]

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10 Q. [REDACTED]

11 A. [REDACTED]

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15 Q. [REDACTED]

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17 Q. [REDACTED]

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20 A. [REDACTED]

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22 Q. [REDACTED]

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25 A. [REDACTED]

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MR. .SILBERG:

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MR. SILBERG:

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1 Q. [REDACTED]

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4 A. [REDACTED]

5 Q. [REDACTED]

6 [REDACTED]

7 MR. SILBERG: [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 WITNESS PARKYN: [REDACTED]

11 [REDACTED]

12 MS. NAKAHARA: [REDACTED]

13 [REDACTED]

14 MR. SILBERG: [REDACTED]

15 Q. [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 A. (Witness Parkyn) Yes.

20 MS. NAKAHARA: I would like to move that
21 this Exhibit be entered into evidence.

22 JUDGE BOLLWERK: Let's first let the record
23 reflect that the State Exhibit 21 as identified by
24 counsel has been marked and identified for the record.

25 [State's Exhibit 21 was

1 marked for identification.]

2 JUDGE BOLLWERK: Motion has been made that
3 it be entered into evidence. Any objection?

4 MR. SILBERG: No, sir.

5 MS. MARCO: No objection.

6 JUDGE BOLLWERK: No objection, then State
7 Exhibit 21 is received into evidence.

8 [State's Exhibit 21 was
9 received into the record.]

10 Q. [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 A. [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 Q. [REDACTED]
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21 A. [REDACTED]
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25 Q. [REDACTED]

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1 Q. [REDACTED]

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3 A. [REDACTED]

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5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 Q. And have any HI-TRAC transfer casks been
10 manufactured?

11 A. (Witness Parkyn) Not to my knowledge.

12 Q. Mr. Kapitz, how long does it take to
13 manufacture a TN-40 cask?

14 A. (Witness Kapitz) A TN-40 cask takes about
15 14 months from start to finish.

16 Q. Sixteen months?

17 A. (Witness Kapitz) Sixteen months from start
18 -- from the order to delivery, and the first few months
19 are assembling materials. So the physical construction
20 of it takes probably a year or less.

21 Q. And do you have a projected time to
22 manufacture these dry transfer systems, Mr. Parkyn?
23 I'm sorry. Either, if you know.

24 A. (Witness Parkyn) Not a specific time in
25 months or any specific time like that, no.

1 Q. Do you have a ball park like less than a
2 year, more than a year?

3 A. (Witness Parkyn) I can't conceive of it
4 taking more than a year.

5 A. (Witness Kapitz) I'll agree. I also don't
6 think it would take less than a year to do a dry
7 transfer system.

8 Q. Where will the concrete for the HI-STORM 100
9 storage casks be poured at the PFS facility?

10 A. (Witness Parkyn) I'm not totally sure.

11 Q. How many employees or staff will it take to
12 -- it sounds like a yoke -- how many employees will it
13 take to pour the concrete in the storage casks?

14 A. (Witness Parkyn) Considering size
15 restrictions and the fact, you know, that the
16 contractor has basically provided the truck and the
17 trucks involved in the pouring, I would see very little
18 chance there would be more than three people involved
19 at a time.

20 Q. And are there certain conditions under the
21 Certificate of Compliance that requires the concrete to
22 be poured indoors?

23 A. (Witness Parkyn) Not that I'm aware of.
24 Most concrete is poured outdoors.

25 Q. Do you anticipate that you'll be capable of

1 pouring concrete during the winter?

2 A. (Witness Parkyn) Yes.

3 Q. Will there be additives added to the

4 concrete to compensate for cold temperatures?

5 A. (Witness Parkyn) I would doubt it.

6 Q. In the event that there is extreme lows in
7 the winter, do you still anticipate being able to pour
8 concrete outdoors?

9 A. (Witness Parkyn) I don't know what the
10 temperature restrictions would be, you know, to keep
11 them additive free versus what the temperature profiles
12 are. If you got into a situation that was restrictive
13 then you might have to pour them indoors.

14 Q. If you poured them indoors, where would you
15 pour them?

16 A. (Witness Parkyn) Somewhere on site.

17 Q. And how long does it take to cure the
18 concrete?

19 A. (Witness Parkyn) That, I can't answer
20 without looking at a compliance certificate. You mean
21 the time between the pour and the time between the
22 units?

23 Q. Yes.

24 A. (Witness Parkyn) I don't know the answer.

25 Q. And where do you anticipate storing the

1 storage casks prior to using it -- prior to
2 transferring the canister into a cask?

3 A. (Witness Parkyn) I plan on setting them on
4 the slabs. That way you could make some ahead if you
5 contemplated or anticipated bad weather conditions.

6 Q. Yesterday you briefly discussed utilizing
7 another cask vendor if it was economically feasible.

8 A. (Witness Parkyn) Yes.

9 Q. Isn't it true that if you utilized another
10 vendor you must purchase transfer casks that are
11 compatible with that new vendor's canisters?

12 A. (Witness Parkyn) There would be the
13 potential of that, yes.

14 Q. The potential depends upon what?

15 A. (Witness Parkyn) In other words, the
16 project was originally set up to accommodate two
17 vendors. One vendor, as you received notice, we
18 dropped out of our process because they've dropped back
19 with the NRC. [REDACTED]

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
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MR. TURK:

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[REDACTED]

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[REDACTED]

1 Q. Earlier I asked you about the potential that
2 Private Fuel Storage may operate a intermodal transfer
3 site 1.8 miles west of Rowley Junction. Is it correct
4 that Private Fuel Storage may use both the Great Salt
5 Lake and Southern Rail option to transport spent fuel
6 as well as the intermodal transfer facility near Rowley
7 Junction?

8 A. (Witness Parkyn) No.

9 Q. So you plan to use one or the other?

10 A. (Witness Parkyn) Right. These were
11 alternatives that were outlined in the licensing
12 application and the amendment to it.

13 Q. Why did you submit two right-of-way
14 applications to the Bureau of Land Management for both
15 options?

16 A. (Witness Parkyn) To maintain the two
17 alternatives.

18 Q. When will you decide which alternative to
19 use?

20 A. (Witness Parkyn) I would presume when the
21 licensing process is completed and we've gone through
22 the lease process for the land, for the railroad.

23 Q. And did you address the operating costs for
24 the potential use of the intermodal transfer facility
25 in your O&M costs in testimony? Strike that.

1 Let me try to clarify that. Did you include
2 operating costs for the intermodal transfer facility in
3 your prefiled testimony estimates for O&M?

4 A. (Witness Parkyn) Well, it's part of
5 transportation. In other words, we would be using it
6 in lieu of the railroad. So only in that context.
7 Instead of paying a local railroad, basically, you
8 would be paying for it in truck shipment.

9 Q. I apologize, I believe you answered this
10 question, but would the personnel needed to staff the
11 intermodal transfer facility be included as
12 transportation costs or PFS labor costs?

13 A. (Witness Parkyn) They would be included as
14 transportation costs, but some of the staff would be
15 signed up on the site. The security staff would come
16 across country would be the security staff to the
17 intermodal point and then the security on the loaded
18 truck, assuming there was one more than one cask and
19 shipment as it moved down the road, would be the site
20 security staff, off duty site security staff because we
21 couldn't use the staff from the facility.

22 Q. How many employees are required to operate
23 the intermodal transfer facility?

24 A. (Witness Parkyn) I want to say between
25 three and four, but I'm doing it by memory.

1 Q. And may some of the three to four
2 approximate employees also be responsible for escorting
3 the spent fuel down to the site?

4 A. (Witness Parkyn) No.

5 Q. Strike that. Will the three to four
6 employees that operate the intermodal transfer facility
7 be required to stay at the facility or will they escort
8 the spent fuel as it's transported by heavy haul truck
9 down to the PFS site?

10 A. (Witness Parkyn) Again, this just depends
11 on -- in the original application we had the outline of
12 the cask to take the cask off, which is largely the
13 same at the intermodal transfer point, though the
14 shipping package stays together and you only go through
15 the first part of it.

16 So the response to your question depends on
17 how many casks are coming in in a shipment. If there's
18 more than one, once the first cask was on a heavy haul
19 truck you would start it towards the site with a site
20 employee as the truck driver, but you would have the
21 off duty security guards because you couldn't use the
22 active security guards off the site with it.

23 The crew at the site or at the ITP,
24 intermodal transfer point, would then begin off-loading
25 the second cask, you know, getting ready. We would

1 have two trucks, so of course then the second truck
2 would be there to be loaded. So those people at the
3 site, at the ITP would not -- they might, if they're
4 not based staff side during work hours they might go
5 home from there or they may conceivably go back to the
6 site when they were done with the last cask. If it
7 went over your work hour schedule, then you would bring
8 in other people so they could go home from there.

9 Q. And is it correct that Private Fuel Storage
10 requested right-of-ways on Bureau of Land Management
11 land to build the Great Salt Lake and Southern Rail
12 line and intermodal transfer facility?

13 A. (Witness Parkyn) That's correct.

14 Q. Did you include any estimated lease payments
15 to the BLM for any granted right-of-way in your O&M
16 cost estimates?

17 A. (Witness Parkyn) As part of transportation,
18 yes.

19 Q. Do you have an anticipated cost for the
20 lease payment?

21 A. (Witness Parkyn) Well, there's actually
22 several components, and that's within the jurisdiction
23 of BLM when they actually grant it. There's a -- we'll
24 call it an annual compliance fee where they ensure
25 compliance with a lease, which typically can run up to

1 \$1,000 that's separate from the lease fee. Comparable
2 amounts of land that they're leasing right now within
3 the area would come out to between five and \$6,000 a
4 year for the lease fee.

5 Q. Is that for the rail line or the intermodal
6 transfer facility?

7 A. That's the rail line. Now, the ITP is a
8 rather small footprint so it would just be a fraction
9 of that. Though the compliance fees I'm sure would be
10 close to the same. And then there's a bonding
11 requirement for restoration at end of life. Then the
12 new rules that the Bureau of Land Management works
13 under basically try to protect the public to ensure
14 that things are restored as they were rather than
15 abandoned in place.

16 So potentially you could be removing the
17 rail and the ties and any structures, which you would
18 normally do, but also grading to contour. It's their
19 call what they want you to do. So if that bonding
20 requirement is in place that would ensure that at the
21 end of usage of the railroad it's basically restored,
22 the drainage -- the drainage pathways are restored.

23 Q. Is there any bonding requirement for any
24 nuclear liability in the event of an incident for your
25 BLM lease if it's granted?

1 A. (Witness Parkyn) No.

2 Q. What's the cost of the the bond, the restoration
3 bond?

4 A. (Witness Parkyn) A rough estimate would
5 probably be about \$40,000 a year.

6 Q. Per year?

7 A. (Witness Parkyn) Uh-huh (affirmative).

8 Q. What would be the cost for restoration, for
9 actual restoration?

10 A. (Witness Parkyn) Approximately [REDACTED].
11 I want to further clarify that answer. That's assuming
12 that the bonds were invoked because PFS wasn't doing
13 it. If PFS used site staff at the conclusion of the
14 project, which obviously would be the intent, then it's
15 [REDACTED] But you end up normally bonding for the
16 worst case because the assumption is the bond would
17 never be called unless you weren't doing what you were
18 supposed to do.

19 Q. Have you included the costs for restoration
20 at the end of the project in your O&M cost estimates?

21 A. (Witness Parkyn) For the railroad, yeah.

22 Q. Yes.

23 A. (Witness Parkyn) For the shipping costs,
24 yeah.

25 Q. For the shipping costs.

1 A. (Witness Parkyn) Yeah.

2 Q. Is the bond rate, a typical bond rate
3 approximately 1 percent or is that a typical bond rate?

4 A. (Witness Parkyn) That's pretty typical,
5 yes.

6 Q. Next on non-radiological decommissioning
7 cost estimates -- Mr. Parkyn, would you like a break?

8 A. (Witness Parkyn) I'm okay.

9 MS. NAKAHARA: I guess it's at the
10 discretion of --

11 JUDGE BOLLWERK: Let me ask you how much
12 longer you think you've got, roughly.

13 MS. NAKAHARA: Roughly another 45 minutes.

14 MR. BOLLWERK: I think we probably ought to
15 take a break right now then. Since we've stopped,
16 anyway. Why don't we try to make it a short one.
17 Let's make it a 10-minute break.

18 (A recess was taken.)

19 JUDGE BOLLWERK: All right. Why don't we go
20 back on the record, then. We'll continue with Ms.
21 Nakahara's cross-examination then.

22 Q. (BY MR. NAKAHARA) The next area I would
23 like to discuss is non-radiological decommissioning
24 cost. I apologize, I turned to a page during the break
25 and somehow --

1 MR. SILBERG: Page 22.

2 Q. (BY MS. NAKAHARA) Thank you. Is it correct
3 you estimated [REDACTED] in non-radiological
4 decommissioning costs in your response to answer --

5 MR. SILBERG: 85.

6 Q. (BY MS. NAKAHARA) -- 85?

7 Thank you.

8 A. (Witness Parkyn) Yes.

9 Q. Is it correct that this number has changed
10 significantly from the 1998 Business Plan for a 40-year
11 -- 40-year MTU facility in which you estimated a total
12 of [REDACTED] in non-radiological decommissioning
13 costs? And I have that document if you need it.

14 A. (Witness Parkyn) No. I think I need to
15 explain that reference in the Business Plan. We
16 collect decommissioning costs -- or decommissioning
17 funds, and what we do is we basically assume they're
18 all going to be spent. When I answered this question I
19 was actually giving an estimate of what we thought
20 really would be spent as opposed to what would be
21 collected. It's just a tiny fraction of it. Thus,
22 there's two different numbers.

23 So if you are going through in the pro forma
24 sections where you see collections you'll see that
25 there's radiological decommissioning and

1 non-radiological decommissioning that's collected each
2 year, but it's treated as an expense. It just flows
3 right through and goes out into funds, accounts that
4 told it so it's there to be used as decommissioning,
5 and that's the number that you're quoting now, I'm
6 sure. I'm trying to find the page of the Business
7 Plan.

8 Q. Actually, may I approach?

9 JUDGE BOLLWERK: Absolutely.

10 MR. SILBERG: Is this a new Exhibit or one
11 of the prefiled ones?

12 Q. (BY MS. NAKAHARA) And on page 30 -- this
13 document is page 30 of 118 of the 1998 Private Fuel
14 Storage Business Plan for the 40-year 40,000 MTU
15 scenario and it's dated 7-8-98. It describes the total
16 projected operating profit, loss, cash flows, and I
17 would like it to be marked as State's Exhibit 33? Are
18 we at 33?

19 JUDGE BOLLWERK: 34. All right. Let the
20 record reflect that the document identified by counsel
21 as pages 30 and 31 of the Private Fuel Storage 1998
22 Business Plan is marked for identification.

23 [State's Exhibit 34 was
24 marked for identification.]

25 MS. NAKAHARA: And I would like to move that

1 this be entered into the record as evidence.

2 MR. SILBERG: No objection.

3 MS. MARCO: No objection.

4 JUDGE BOLLWERK: All right. Then the
5 document marked as State's Exhibit 34 is received into
6 evidence.

7 /

8 [State's Exhibit 34 was
9 received into evidence.]

10 Q. (BY MS. NAKAHARA) And, Mr. Parkyn, towards
11 the end of the page there is a category for
12 non-radiological decommissioning fund for \$92 million;
13 is that correct?

14 A. (Witness Parkyn) That's correct.

15 Q. And is this what you were referencing is the
16 total non-radiological decommissioning portion that's
17 collected from the customer?

18 A. That's correct. So what I have done in this
19 for bookkeeping purposes is treat it, as it says, as a
20 cost. In other words, to us it's a cost while we're
21 operating. We collect it from our customers. The
22 radiological portion is put in the radiological
23 decommissioning fund and the non-radiological is put in
24 a separate fund called non-radiological.

25 It's not a federal requirement that we get

1 involved in the non-radiological, that's part of our
2 commitment basically to the tribe and to ourselves to
3 make sure that the site can be restored. So all that
4 was collected was treated on a year by year basis as a
5 cost so that it cannot be used for operating capital.
6 So the Federal Government, I don't believe, has
7 established a decommissioning requirement yet for Part
8 72. So what we chose to do was take the model of the
9 Part 50 of the externalized fund where, you know, the
10 entity cannot use the money once it deposits it in
11 there, and it's called the decommissioning fund.

12 And basically there's federal oversight so
13 far as any withdrawals from that to ensure that that is
14 used only to clean-up, remove all radiological
15 materials so that the license could be terminated at
16 the appropriate time once the appropriate surveys were
17 conducted. We sort of followed that same pattern in
18 the sense with the non-radiological information. The
19 rest of the monies that we were collecting for
20 decommissioning totals were put in that fund, treated
21 as a cost the year we collect them as though all of
22 them include 100 certainty would have to be spent.
23 Just, in a sense, put outside of the books in a cash
24 balance so they're there for the clean-up of the
25 facility.

1 When asked in my testimony what we had
2 calculated for actually getting rid of non-radiological
3 structures, it was the [REDACTED]. Subsequently we
4 had the estimate I gave you today of the [REDACTED] on
5 restoration of the rail line. So best estimate is
6 somewhere in the [REDACTED] range would actually
7 remove everything, but we would, in fact, have
8 collected the [REDACTED] you see. So we're well
9 overcollected.

10 Additionally, our relationship with the
11 Goshute people gives them the right to retain certain
12 structures if they're to the benefit of the tribe. And
13 so, of course, if that were their choice, we wouldn't
14 go tear them down. But this was -- these numbers I
15 gave in my testimony were assuming that we were tearing
16 everything down.

17 Q. What was the original [REDACTED] based on?
18 I assume that you had some assumption for collecting --
19 or allocating that much money towards non-radiological
20 decommissioning in the first place.

21 A. (Witness Parkyn) Not in reality. We ..
22 started the collection concept with \$40,000 a canister
23 way back in the beginning. And for conservatism, it's
24 one area I've always liked to be conservative with is
25 decommissioning. So as the project went along, even in

1 later years, as it's become apparent that we don't need
2 as much, we have left it in there, in those two funds
3 because it seems like a prudent thing to do. So we
4 have a high degree of certainty that we can
5 decommission the facility, so that PFS isn't
6 responsible for costs that were in fact a beneficiary
7 to the users, so that the users don't have to look
8 forward to us coming back not having adequately
9 collected for decommissioning many years later.
10 Technically in the service agreement we could, but the
11 idea is to try to do it up front because we do want to
12 have all the money collected to do a good job and
13 escrow it, in effect.

14 Q. Do you, in fact, plan to still reserve the
15 amount collected for non-radiological decommissioning
16 only for decommissioning?

17 A. That's our plan, yes.

18 Q. And will not be available to fund other
19 portions of annual operating expenses?

20 A. (Witness Parkyn) No.

21 Q. Is it correct that PFS will obtain a letter
22 of credit to fund the radiological decommissioning of
23 the site?

24 A. (Witness Parkyn) That's correct.

25 Q. Are there fees associated with obtaining and

1 securing the letter of credit?

2 A. (Witness Parkyn) None with obtaining, but
3 with maintaining.

4 Q. Do you have an estimate of what those fees
5 are for maintaining?

6 A. (Witness Parkyn) Approximately -- give me a
7 moment here. Right in the neighborhood of [REDACTED]
8 [REDACTED] averaged over the two years that we would need
9 to maintain the letter of credit.

10 Q. Over the two years?

11 A. (Witness Parkyn) Yes. In other words, we
12 will be taking out of the incoming money, out of the
13 [REDACTED] and putting into a fund separate from the
14 amount per canister that arrives at site, an amount of
15 money necessary to reach what that 1.6 million is, as
16 decommissioning is reestimated every year.

17 So assuming it will increase, as things
18 usually do, we would keep that full amount that would
19 decommission the site in a segregated fund effectively
20 throughout the life of the facility because we wouldn't
21 have it on the day of start-up, we would have the
22 letter of credit that would then decline in balance as
23 we put cash, so to speak, in the bank in that fund
24 until the full amount of the letter of credit, plus any
25 inflation in the intervening estimated two years would

1 have occurred. Then each year we will have to continue
2 to deposit into that fund so that the buying power
3 funds in that fund equal the latest decommissioning
4 estimate fully.

5 Q. Have the letter of credit fees been
6 accounted for in your O&M estimates?

7 A. (Witness Parkyn) Yes, I have considered
8 them as part of our regulatory fee.

9 Q. As part of your regulatory fees?

10 A. (Witness Parkyn) Always, yeah.

11 Q. And will PFS be liable for federal income
12 taxes?

13 A. (Witness Parkyn) Not PFS. Federal income
14 taxes would be paid by the owners of the L.L.C. So it
15 depends on their status. Should PFS make a profit,
16 then it would be paid out to them and they would be
17 paying any such taxes.

18 Q. Any profit earned by the Great Salt Lake and
19 Southern Railroad of the limited liability company of
20 Private Fuel Storage, would that be a responsibility of
21 Private Fuel Storage?

22 A. (Witness Parkyn) No. Basically that, of
23 course, is just collecting enough to not make a profit,
24 to cover its expenses [REDACTED]

25 [REDACTED]

1 Q. And if you will look again at State Exhibit
2 34, the second page, page 31, under Cash Flows there's
3 a category for Less Return on Investment. What is that
4 category for?

5 A. (Witness Parkyn) That's the category of
6 targeted return on investment to the owners before it
7 would fit the general profit category.

8 Q. Can you explain that? I'm sorry.

9 A. (Witness Parkyn) Well, it's an amount
10 roughly comparable that many utilities historically
11 received on regulated utility plants. I believe it's
12 [REDACTED] percent.

13 Q. Is that based on the equity contributions
14 or --

15 A. (Witness Parkyn) That would be based on the
16 equity contributions, yes.

17 Q. So equity contributions received prior to
18 operation?

19 A. (Witness Parkyn) Correct.

20 Q. Any equity contributions or all equity
21 contributions?

22 A. (Witness Parkyn) I guess I don't understand
23 the question.

24 Q. Will all contributions made by PFS members
25 be included in this amount?

1 A. (Witness Parkyn) Yes.

2 Q. Regardless of when the contribution was
3 made?

4 A. (Witness Parkyn) No, that's not true.
5 There was an original Step 1 and Step 2 that were part
6 of the utility group meetings before PFS was formally
7 formed and I think the total expenditures in that area
8 were probably, oh, three-quarters of a million dollars.
9 Those are not counted whether they're current PFS
10 members or not. Those are just gone.

11 Q. And so subsequent to that period, all
12 contributions made by PFS members are included in this
13 number, is that correct?

14 A. (Witness Parkyn) Yeah, uh-huh.

15 Q. And the second line below it is Less Return
16 of Investment with Interest. And is that the interest
17 paid on the PFS member contributions?

18 A. (Witness Parkyn) Up to time of operation,
19 right.

20 Q. The contribution is made up to time of
21 operation?

22 A. (Witness Parkyn) Right.

23 Q. [REDACTED]
24 [REDACTED]
25 [REDACTED]

1 [REDACTED]

2 A. [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 Q. [REDACTED]

12 [REDACTED]

13 A. [REDACTED]

14 Q. Then I would like to ask a few questions
15 about equipment. Do your operating and maintenance
16 costs anticipate any equipment replacement, for
17 example, for security monitoring equipment?

18 A. (Witness Parkyn) We anticipate some
19 replacement if it's an upgrade or better than -- you
20 know, if you add the purchase price together with the
21 annual maintenance it's a wiser decision to replace
22 something. That's not put in on a specific schedule,
23 something will be discarded every year or every five
24 years. That's why we have a large on-site budget,
25 basically of [REDACTED] a year, which allows us

1 the flexibility, if there's a piece of gear that's
2 becoming a problem, to simply replace it.

3 Q. What about for large items like your
4 overhead crane or large expense items, do you
5 anticipate having to replace that over the life of the
6 facility?

7 A. (Witness Parkyn) I wouldn't anticipate it.
8 But remember, the crane has got multiple components.
9 You know, you have structural steel that, of course,
10 would not normally need replacement over the life of
11 the facility, trolley wheels, heavy steel components
12 like that. You would do periodic inspections on them.
13 You have mandatory maintenance outlined by the vendor
14 to keep it qualified.

15 You have some operating components. The
16 main one would be the motor that would power it, say.
17 That's a sort of piece of a crane rather than the whole
18 crane that you would potentially replace one or more
19 times over the life of the facility or you might have
20 it rewound. It would depend exactly on how it's
21 behaving. Usually if you keep stuff up well with a lot
22 of predictive and preventive maintenance you don't have
23 surprises like that.

24 But when you get to a certain point it's
25 conceivable you would be replacing the power motor, the

1 motors on the crane. Sometimes you replace wiring.
2 That's sort of case by case depending on the design of
3 wires that have to flex, that have to move with
4 something that moves like that. And I'm not as
5 familiar with the exact design of the Ederer crane as I
6 could be so far as how much of the power is transmitted
7 through rail and how much is the trailing wires.
8 You're literally looking, in a sense, within the crane
9 and maintaining or potentially replacing parts of it,
10 but there's no contemplated replacement of the crane,
11 per se, as a unit, it should last of the life of the
12 facility.

13 Q. And your anticipated life of the facility is
14 40 years?

15 A. (Witness Parkyn) Yeah. There's 40 years in
16 here, yes.

17 Q. And you addressed this yesterday, but just
18 to clarify, you don't anticipate replacing any of the
19 locomotives; is that correct?

20 A. (Witness Parkyn) No.

21 Q. Did you include any damage replacement costs
22 in the event the transportation casks are damaged and
23 need to be replaced?

24 A. (Witness Parkyn) Only in the sense that we
25 will be insuring them. So of course you have insurance

1 premiums. And I believe Mr. Pickerl went through the
2 various items yesterday that were covered versus those
3 that were not. And most of our items, other than
4 vehicles licensed to go on the public highways were so
5 our other policies would cover vehicles like that. So
6 rather than some sort of an escrow fund for an accident
7 damage, you end up paying annually on these type of
8 insurance.

9 Q. Would that be the same for the transfer
10 casks?

11 A. (Witness Parkyn) yes.

12 Q. Any damage to the transfer casking?

13 A. (Witness Parkyn) Yes.

14 Q. And would that be the same for any storage
15 casks?

16 A. Yes.

17 Q. And then if you'll turn to the post benefit
18 payments on page 24, is it correct in your response to
19 Question 93 that you estimate the host payments between
20 Private Fuel Storage and the Skull Valley Band of
21 Goshutes and between Private Fuel Storage and Tooele
22 County in the amount of [REDACTED] over the
23 operations period for the Private Fuel Storage
24 facility?

25 A. (Witness Parkyn) That's the direct

1 payments. [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 Q. [REDACTED]

6 A. [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 Q. [REDACTED]

10 A. [REDACTED]

11 Q. Sorry, that was my understanding. The
12 payments to Tooele County, are they based on the
13 May 2000 signed agreement with Tooele County?

14 A. (Witness Parkyn) That's true.

15 Q. Then if you'll look at your answer to number
16 108, question 108 on page 26, it discusses escalation
17 factors. Is it true that you testified that roughly 70
18 percent of the O&M costs are not subject to escalation?

19 A. (Witness Parkyn) That's correct.

20 Q. Can you identify what O&M costs you're
21 referring to?

22 A. (Witness Parkyn) They're talking about the
23 casks and canisters and the transportation costs. In
24 other words, we've got these escalation parameters that
25 we need to live within on all of our other

1 expenditures, approximately 30 percent. A better word
2 than not subject to escalation is really not limited to
3 escalation. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 Q. [REDACTED]

9 [REDACTED]

10 A. [REDACTED]

11 Q. [REDACTED]

12 A. [REDACTED]

13 Q. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 A. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

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- 6 [REDACTED]
- 7 [REDACTED]
- 8 [REDACTED]
- 9 [REDACTED]
- 10 Q. [REDACTED]
- 11 [REDACTED]
- 12 [REDACTED]
- 13 [REDACTED]
- 14 A. [REDACTED]
- 15 [REDACTED]
- 16 Q. [REDACTED]
- 17 A. [REDACTED]
- 18 Q. [REDACTED]
- 19 [REDACTED]
- 20 [REDACTED]
- 21 A. [REDACTED]
- 22 Q. [REDACTED]
- 23 [REDACTED]
- 24 [REDACTED]
- 25 A. [REDACTED]

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Q. [REDACTED]

[REDACTED]

MR. SILBERG: [REDACTED]

[REDACTED]

MS. NAKAHARA: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MR. SILBERG: [REDACTED]

JUDGE BOLLWERK: [REDACTED]

[REDACTED]

Q. [REDACTED]

[REDACTED]

A. [REDACTED]

[REDACTED]

Q. [REDACTED]

[REDACTED]

A. [REDACTED]

Q. [REDACTED]

[REDACTED]

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A. [REDACTED]

Q. [REDACTED]

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A. [REDACTED]

11 Q. One, two final questions. Your O&M cost
12 estimates were based on a 40-year 40,000 MTU facility.
13 Did you assume that you will operate a 40-year
14 facility?

15 MR. SILBERG: I'm sorry, could I hear the
16 last phrase?

17 Q. (BY MS. NAKAHARA) Does Mr. Parkyn assume
18 that PFS will operate a 40-year facility.

19 A. (Witness Parkyn) You're asking now my
20 personal opinion. I would say it's reasonably likely
21 considering the scheduling for a final facility, you
22 know, final storage facility, we would have a period of
23 input and a period of output. And looking at even the
24 most optimistic start dates, there's definitely a
25 chance that we could have a 40-year facility.

1 Q. And does PFS plan to operate a 40-year
2 facility?

3 A. (Witness Parkyn) I don't know what the
4 difference between the two questions are.

5 Q. I guess you qualified your response as your
6 personal opinion is you thought you would operate a
7 40-year facility. But is that the intent of PFS, is to
8 operate a 40-year facility?

9 A. (Witness Parkyn) Well, PFS's intent would
10 be to operate the facility for as long as required by
11 the service agreements we get. If, in fact, it was
12 only needed for 35 years, I guess that's as long as
13 they would operate it. But you were asking, I felt, at
14 least in the initial question, whether I thought it
15 would be -- I think you're looking for potentially
16 something significantly shorter and I don't think so.
17 I mean, the company is willing to do that. We don't
18 know until we have service agreements if that's what
19 our plan will be.

20 Q. Is there a potential you would operate for
21 only 20 years?

22 A. (Witness Parkyn) I can't foresee that at
23 all.

24 Q. What happens if PFS doesn't get their
25 license renewed from NRC?

1 A. (Witness Parkyn) Well, then that would
2 become an issue for the owners of the fuel, and
3 certainly something the Nuclear Regulatory Commission
4 would have to take into consideration in not renewing
5 the license. They would I guess have other options if
6 their reasons for not renewing it were bad performance
7 on our part. They could certainly arrange to have
8 someone else operate it until the fuel is removed.
9 Ultimately, the utilities are vaguely responsible for
10 the fuel that is there. So if we failed in our
11 stewardship and couldn't get a license renewal, they
12 would have to be part of that decision.

13 Q. Earlier you testified that you contemplate
14 entering into service agreements prior to license
15 issuance?

16 A. (Witness Parkyn) That's correct.

17 Q. Do you contemplate entering into any
18 additional service agreements after you receive your
19 license?

20 A. (Witness Parkyn) It would depend on how
21 many service agreements we enter into before receiving
22 a license. In other words, if there's remaining
23 capacity, then that's certainly possible. We would
24 have to have enough of them to meet the licensing
25 condition, you know, licensing condition for

1 construction and then the one for operation. But
2 again, if we happen to go beyond that to a point where
3 there was no more space available then the answer would
4 be no. If we did not then the answer would be yes.

5 Q. Is it possible if you had the commitments
6 that you build a 40,000 MTU facility, that you would
7 construct the 40,000 MTU facility in the beginning?

8 A. (Witness Parkyn) I don't contemplate
9 because of the limits on how fast you could receive
10 fuel that you would ever eliminate some phasing, even
11 if you had all 40,000 metric tons committed right up
12 front.

13 Q. What is your estimated maximum capacity of
14 receipt of spent fuel per year?

15 MR. SILBERG: Do you mean the receipt rate,
16 is that what you mean?

17 Q. (BY MS. NAKAHARA) Yes, receipt rate.

18 A. (Witness Parkyn) I have never calculated
19 any kind of a theoretical limit. You have seen the two
20 that we have put forth in the Business Plan. You're
21 limited by the amount of shipping equipment you have
22 and to have a very high rate of receipt at the
23 beginning and not receive any over the years would have
24 a lot of equipment sitting there that didn't get a lot
25 of use. So you wouldn't normally do that unless there

1 was some very specific reason that you needed to.

2 So at this point we put the 2,000 metric
3 tons of uranium, 200 casks basically, in what we'll
4 call the logistical limit, to not involve overtime of
5 staff, to not involve buying a lot of equipment that
6 over its life would be used for very few shipments.
7 You could certainly go beyond that, but now you're
8 getting into having to buy progressively more
9 transportation equipment.

10 In other words, if you were trying to double
11 2,000 to 4,000 it would require effectively doubling
12 the transportation fleet, but you still wouldn't be
13 shipping any more fuel in that whole transportation
14 fleet per total, you would be cutting it in half per
15 unit so your utilization would go way down. You would
16 have to hire more persons because you can't put a lot
17 of overtime demands on people. So you would end up
18 with a larger staff that at some point I suppose you
19 would be laying off or cutting back when your shipping
20 was down and all of a sudden all your plant and
21 facilities just sat there in a storage mode.

22 So what we have tried to do is to structure
23 this so this is as low as possible, still meets
24 utilities, doesn't provide a lot of disruption for
25 people who would seek a career there would have a whole

1 career there, so that the equipment that we would buy
2 would be genuinely utilized, not underutilized or
3 overutilized. But your question of the theoretical
4 maximum receipt rate, I have never really calculated.
5 Obviously, it would be well above 2,000 metric tons of
6 uranium if there was some reason to do that.

7 Q. [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 A. [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 Q. May I ask you to look at State Exhibit 33
18 which shows a throughput rate--

19 MR. SILBERG: Excuse me, could you wait a
20 minute until we get it out? Thank you.

21 Q. (BY MS. NAKAHARA) Which shows the constant
22 throughput rate of 2000 MTU's per year for the first 10
23 years. [REDACTED]
24 [REDACTED]
25 [REDACTED]

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A. [REDACTED]

10 Q. Mr. Parkyn, do you have a copy of the 1998
11 Business Plan with you today?

12 A. (Witness Parkyn) Yes.

13 Q. Can I ask you to look at page 76 of 118 of
14 the 40-year 40,000 MTU scenario?

15 MR. SILBERG: Which page?

16 Q. (BY MS. NAKAHARA) Page 76 of 118. Can you
17 explain the purpose of this depreciation section? Is
18 it for tax purposes or for determining equipment
19 replacement?

20 A. (Witness Parkyn) Basically it's just in
21 there. As I mentioned, we don't pay taxes directly as
22 an LLC, the members of utilities do. It was put in to
23 show how all the initial expenses would, in essence, be
24 costed against the project as opposed to all at once.
25 So it's quite similar to building anything. We just

1 took the rates that would normally be showing in the
2 federal tax code as a restriction on how fast things
3 could be used as a cost and added them in as costs as
4 we went along. You'll notice they're also below the
5 bold line on the summary sheets we've talked about so
6 they're not part of O&M costs.

7 JUDGE BOLLWERK: That summary sheet was
8 State Exhibit 34, is that what you're --

9 WITNESS PARKYN: Yes, that's right.

10 JUDGE BOLLWERK: Since we don't have the
11 page you're referring to in terms of --

12 WITNESS PARKYN: It's the second page.

13 MR. TURK: Could I ask if the parties have
14 been given that page? Is that something out of the
15 Exhibit?

16 MS. NAKAHARA: No.

17 WITNESS PARKYN: Oh, no, this one.

18 MS. NAKAHARA: Unless the Board thinks it
19 has any purpose, the state doesn't see any need for it.

20 JUDGE BOLLWERK: It's your cross-examination
21 and your Exhibit. I mean, I've heard it described, but
22 I don't know what it looks like. If you're going to
23 refer to it in your proposed Findings and Conclusions--

24 MS. NAKAHARA: No, I don't anticipate it.

25 And finally, I think that concludes my

1 cross-examination. Thank you, gentlemen.

2 JUDGE BOLLWERK: All right. Staff

3 cross-examination?

4 MS. MARCO: Could you just give us a minute,
5 Your Honor?

6 JUDGE BOLLWERK: Surely. Let's go off the
7 record.

8 (An off the record discussion was had.)

9 JUDGE BOLLWERK: We'll go back on the
10 record.

11 CROSS-EXAMINATION

12 MS. MARCO:

13 Q. I'm going to start with item G on the plan,
14 the cross-examination plan, so please disregard the
15 first part of that.

16 JUDGE BOLLWERK: All right.

17 Q. (BY MS. MARCO) Hello, I'm Catherine Marco.
18 Do you anticipate that the Bureau of Indian Affairs
19 will ask for a bond?

20 A. (Witness Parkyn) That's within their
21 determination. They have reviewed, I know, many items
22 and discussed these issues with us. They have been
23 very frank. If the Nuclear Regulatory Commission --
24 remember, you don't have a specific regulation on
25 radioisotope decommissioning on Part 72s yet, but if we

1 had not already chosen to comply with the one you have
2 on Part 50s, that they would be asking for a bond on
3 that. We do have the site restoration fund which will
4 satisfy, at this first look, most of the requirements
5 that they normally ask for a bond for.

6 So at this point I don't know if they've
7 determined. Their first determination they hadn't
8 found anything that wasn't already found by escrowed
9 money to restore the site to what it was. They also
10 have requirements that you have to have certain types
11 of insurance or have a bond. One of those is if you
12 have non-Indian persons working on a reservation, but
13 we had already committed to have Workers Comp.
14 insurance. So these are things that protect the tribe
15 against liability if someone would get hurt or there
16 would be a vehicle accident that were our fault along
17 with restoration of the site. So at this point they're
18 reviewing it, but most of the major issues they usually
19 request bonds for they didn't see a need for because it
20 was already something we had committed in the license
21 application to do.

22 MR. SILBERG: May I ask one clarification?
23 I think you said you said the NRC has no regulations in
24 Part 72 on decommissioning. Did you mean property
25 insurance?

1 WITNESS PARKYN: I guess I did. I get the
2 two --

3 MR. SILBERG: Or non-radiological.

4 WITNESS PARKYN: They have none on the
5 non-radiological decommissioning.

6 Q. (BY MS. MARCO) Do you anticipate that the
7 Skull Valley Band will ask for a bond?

8 A. (Witness Parkyn) The Skull Valley Band, of
9 course, negotiated the lease with us and put forth in
10 there what they wanted us to do as a condition of being
11 able to lease land from the tribe and work with the
12 tribe. So, you know, the tribe certainly knows what
13 they're going to do. They haven't indicated
14 specifically that they are. I don't know exactly what
15 they would ask for a bond for. All of our payment
16 arrangements with them are regular arrangements and we
17 meet those.

18 Q. Does your facility operating cost estimate
19 include the depreciation?

20 A. (Witness Parkyn) We show it in there, as I
21 mentioned, as a below the line, not part of the
22 operating profit and loss or total costs, but just as
23 part of the cash flow to show how the initial money
24 that's put in for construction is costed back out again
25 rather than taking it all at once.

1 Q. But this is not included in the breakdown of
2 your testimony, correct?

3 A. (Witness Parkyn) No.

4 Q. And why is that? Why did you not include it
5 on your testimony?

6 A. (Witness Parkyn) You mean why did I not
7 discuss it as an item, I guess?

8 Q. Yes.

9 MS. NAKAHARA: Could I ask Cathy to move the
10 mic closer? Sorry.

11 THE WITNESS: Okay. I didn't discuss any of
12 these generalized cash flow issues below because they
13 weren't really affecting an operating cost or a
14 revenue.

15 Q. (BY MS. MARCO) Do you know whether Holtec
16 has offered for sale to any other potential customers
17 its HI-STORM 100 packs or MPC-24 or MPC-68?

18 A. (Witness Parkyn) Yes.

19 Q. Do you know what the prices are?

20 A. (Witness Parkyn) I get a lot of information
21 on it, yes, but I don't know precisely what their
22 prices are.

23 Q. Do you know how many customers they've
24 offered to you?

25 A. (Witness Parkyn) No. You know, you hear

1 from a number of them that they've gone out and made
2 presentations, but I have never seen a summary of all
3 of them.

4 MS. MARCO: This concludes my
5 cross-examination.

6 JUDGE BOLLWERK: All right. Any redirect?

7 MR. SILBERG: Yes. If we could have a few
8 minutes, please. If we could consult with the
9 witnesses. Perhaps if we could take a five-minute
10 break.

11 JUDGE BOLLWERK: Let's go ahead and take a
12 five-minute break and then we'll come back.

13 (Recess taken.)

14 MR. SILBERG: I have a few questions for Mr.
15 Parkyn and Mr. Kapitz. Are we back on the record?

16 JUDGE BOLLWERK: Back on the record.

17 CROSS-EXAMINATION

18 BY MR. SILBERG:

19 Q. Mr. Parkyn, the discussion of security
20 personnel that accompanied the rail shipments you
21 stated in response to a question from state's counsel
22 that you would be using outside security guards. I
23 assume that means those are not within the 42 projected
24 employees for the PFS facility?

25 A. (Witness Parkyn) That's correct.

1 Q. Mr. Kapitz, you stated that the cask hauler
2 at Prairie Island is accompanied by security personnel
3 when it moves out to the pad. Would that personnel,
4 security personnel escort be required at PFS, and if
5 not, why not?

6 A. (Witness Kapitz) No, it would not be needed
7 at PFS. The reason we need that at Prairie Island is
8 that we move our casks from the reactor protected area
9 into the ISFSI protected area through about a 200-yard
10 stretch that's not in either of the two protected
11 areas. When it's outside a protected area it must be
12 accompanied by a guard. At the PFS site, the entire
13 time, though, we were in the secondary and so security
14 escorts while moving within that area won't be
15 necessary.

16 Q. In response to a question, Mr. Kapitz, you
17 indicated that you did not prepare or manage the labor
18 budget for ISFSI loading activities at the Prairie
19 Island ISFSI. Are you familiar with the amount of
20 labor needed for ISFSI loading activities at Prairie
21 Island even though you don't prepare or manage the
22 labor budget?

23 A. (Witness Kapitz) Yes, I am. As I said, I
24 do manage and prepare a labor budget for casks up
25 through receipt and inspection. Once we get to loading

1 data, that is just covered under the plant O&M budget.
2 But I am familiar with and I have directed all of the
3 crews that have loaded all of our casks up to this
4 point.

5 Q. So your testimony on the reasonableness of
6 the labor estimates for PFS takes into account that
7 familiarity?

8 A. (Witness Kapitz) Yes, it does. Looking at
9 the PFS labor estimates and Prairie Island, I used my
10 experience at Prairie Island in supervising the crews
11 that loaded all the casks. There's one difference at
12 Prairie Island, the manpower required to load a cask is
13 greater than needed at PFS for two reasons. One, at
14 Prairie Island we do several evolutions. At PFS we
15 will not do such things as loading bare fuel and
16 fueling the canisters and drying them.

17 The other thing is at Prairie Island is it's
18 much more of an infrequent evolution, we don't do it as
19 often. So we would tend to have more people on there
20 than we would expect to see at PFS because we tend to
21 use each loading as a training device also for future
22 loadings. I would expect at PFS, where the movement of
23 the casks and monitoring them is a routine evolution
24 and done constantly that we would become more efficient
25 at it than we are at Prairie Island.

1 Q. Thank you.

2 There were also some questions directed at
3 you, Mr. Kapitz, on the number of casks unloadings and
4 the number of cask movements that have taken place or
5 take place on an annual basis at Prairie Island. Does
6 the fact that Prairie Island has a smaller number of
7 those evolutions have relevance with respect to your
8 views on the reasonableness of the projected PFS costs?

9 A. (Witness Kapitz) Yes, it does. As I
10 answered in a previous question, because it's less
11 frequent at Prairie Island we're probably not as
12 efficient at it. As I said, we do use each loading as
13 a training device essentially for the next loading to
14 maintain an adequate amount of trained staff for when
15 loadings do occur. At PFS, where cask movements is the
16 only thing they do, I would expect they become more
17 efficient and take less people to do the movement than
18 Prairie Island.

19 Q. Thank you.

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Q. Thank you.

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You also stated that all spent fuel transported -- would be transported by PFS rail equipment. Could you just elaborate on that a little bit with respect to shipments of fuel from reactors that don't have rail access to the nearest railhead?

A. (Witness Parkyn) Okay. It would travel to the site on our rail equipment. If it were to be heavy hauled or barged to a railhead, some reactors do not have rail access, it would use the cask and impact limiters, which is part of our shipping equipment. There are scenarios in at least one facility in which they might physically load it on the rail car and barge the rail car. I've talked to one that was looking at that. So there's a combination, but in no case would it be less than the use of the cask and impact limiters in leaving the site to go to the railhead.

Q. Thank you.

You also stated, Mr. Parkyn, that you weren't able to remember if the heavy haul casks were more or less than the all rail heavy haul trucks, calls for more or less than the rail option. Is the overall cost, both capital and the O&M for the rail option, more or less than the combined rail heavy haul option?

1 A. (Witness Parkyn) I think it's less.

2 Q. So the fact that you have used the rail
3 option in your O&M cost is conservative?

4 A. (Witness Parkyn) That's correct.

5 Q. Mr. Kapitz, you indicated that it would take
6 about a year to fabricate a TN-42 cask. Could you tell
7 me whether that is relevant to the fabrication of the
8 Holtec equipment?

9 A. (Witness Kapitz) I think it's relevant to
10 the fabrication of the HI-STAR transportation casks.
11 As far as the canisters and the HI-STORM overpacks,
12 TN-40 fabrication is much more complicated than those
13 pieces of equipment, and I would expect those pieces of
14 equipment could be fabricated start to finish
15 significantly faster than a TN-40 cask would be
16 fabricated.

17 Q. Mr. Parkyn, there was a discussion on the
18 return of investment item in your 1998 Business Plan.
19 Is any return on investment to be included in the cost
20 demonstration that you would put forward to demonstrate
21 compliance with the second license condition?

22 A. (Witness Parkyn) No.

23 Q. And why not?

24 A. (Witness Parkyn) Because it's not a part of
25 the operating and maintenance costs and would not occur

1 unless it happened to be available.

2 Q. Thank you.

3 Two final questions in response, following
4 up on questions by staff counsel. Staff counsel
5 discussed with you the Bureau of Indian Affairs and
6 band's consideration of bonds and insurance. Does the
7 lease agreement that's been signed between PFS, the
8 band and the BIA deal with the issue of bonds?

9 A. (Witness Parkyn) Yes, it does.

10 Q. And what does it say? Can you summarize
11 what it says for me?

12 A. (Witness Parkyn) Basically, in Section 10
13 it waives the obligation to post a surety bond unless
14 we fail to make our lease payments in a timely manner
15 as prescribed by the lease.

16 Q. And with respect to insurance, what does the
17 lease provide?

18 A. (Witness Parkyn) The lease in Section 9 is
19 pretty prescriptive insurance. It requires that we
20 have nuclear liability insurance prior to --

21 MS. NAKAHARA: Objection. Are you going to
22 introduce the lease into evidence? .

23 MR. SILBERG: No.

24 MR. SILBERG: The witness is familiar with
25 the lease and can familiarize himself with the terms.

1 MS. NAKAHARA: Can we see the document that
2 the witness is reading from?

3 MR. SILBERG: You have the document, that's
4 been provided to you.

5 MS. NAKAHARA: But we haven't seen the
6 specific document that--

7 MR. SILBERG: Those terms are included in
8 the lease that you have verbatim.

9 MS. NAKAHARA: We don't know what document
10 the witness is reading from. I mean, counsel hasn't
11 offer to show.

12 MR. SILBERG: We'll give you a copy this
13 afternoon. We're making a copy of the lease available
14 for you to look at.

15 MS. CHANCELLOR: How do I know it's not
16 marked up?

17 MR. GAUKLER: It's not.

18 MS. NAKAHARA: Does the witness have any
19 additional documents for him?

20 MR. SILBERG: Regarding what?

21 MS. NAKAHARA: Anything other than the
22 Exhibits that have been introduced and the business
23 plan.

24 MR. SILBERG: What is that relevant to?

25 MS. NAKAHARA: Because you haven't shared

1 any of the documents with either the state or --

2 MR. SILBERG: The only documents that he is
3 testifying from is the documents you are intimately
4 familiar with.

5 MS. NAKAHARA: But we don't know.

6 JUDGE BOLLWERK: Is there any reason to have
7 him authenticate the copy he's looking at to make sure
8 that's the copy you provided him?

9 MR. SILBERG: Is it the same copy?

10 MR. GAUKLER: It's the same copy.

11 MS. NAKAHARA: I'll accept counsel's
12 representation. I wanted to understand what he was
13 reading from and what version. Thank you.

14 Q. (BY MR. SILBERG) With respect to insurance,
15 does that lease --

16 JUDGE BOLLWERK: Is there any objection
17 pending now or are we --

18 MS. NAKAHARA: We would prefer to have the
19 document introduced as an Exhibit if you're going to
20 read from it.

21 MR. SILBERG: It seems to me that my witness
22 can summarize contents of documents that he's familiar
23 with. The fact that he may have it in front of him is
24 irrelevant. If you wish to try to introduce a
25 document, you may do so when it comes time for you to

1 conduct recross.

2 JUDGE BOLLWERK: All right. At this point
3 why don't you take that into account and if you wish to
4 do that, you have a copy of the document there. He's
5 summarized it. If his summary is not accurate from
6 what you have in front of you then, obviously, that
7 might be something you need to ask him about.

8 MS. NAKAHARA: May I ask him to start over
9 since we didn't have the document when he started?

10 MR. SILBERG: Can you read back the portions
11 of his testimony on Section 9 and 10 of the document?

12 (Read record.)

13 Q. (BY MR. SILBERG) Could you continue with
14 your answer, please?

15 A. (Witness Parkyn) Then the lease requires
16 that we have Workers Compensation insurance that
17 complies with the applicable laws of the State of Utah
18 and --

19 JUDGE BOLLWERK: Is it also Section 9? I'm
20 sorry.

21 WITNESS PARKYN: Yes, this is all Section 9.
22 It provides other insurance, that any insurance
23 required by applicable federal or state law, including,
24 without limitation, any NRC regulation, as well as any
25 other insurance that the LLC deems necessary,

1 including, but not limited to fire and damage
2 insurance. Primary comprehensive general and
3 automobile liability, contractual liability insurance,
4 general errors and omissions insurance, directors and
5 officers insurance, business interruption insurance.
6 Then it specifies that there should be contractors. We
7 must require contractors and subcontractors to maintain
8 all insurance coverages required by law or regulation
9 and to maintain any other insurance of the types and
10 amounts normally maintained by such similar businesses
11 in such contractor's field.

12 Q. (BY MR. SILBERG) And is PFS planning to
13 meet those requirements?

14 A. (Witness Parkyn) It is.

15 Q. One last question. If you look at answer 18
16 on page --

17 MS. NAKAHARA: I would like to renew my
18 objection with counsel's refusal to enter this document
19 into evidence. Mr. Parkyn is basically summarizing
20 what's in this document. The document speaks for
21 itself and I am not allowed a chance to read the
22 clauses that he's summarizing and determine whether I
23 agree with his assessment right now. So I would again
24 submit that or request that counsel enter it into
25 evidence.

1 MR. SILBERG: We'll put in those two
2 sections.

3 MS. NAKAHARA: Thank you.

4 JUDGE BOLLWERK: Do you have the appropriate
5 copies?

6 MR. GAUKLER: We'll get them during the
7 break and bring them back.

8 MS. NAKAHARA: Thank you.

9 Q. (BY MR. SILBERG) One last question. If you
10 would look at page 6, answer 18 of your testimony, is
11 there a correction you wanted to make that we noticed?

12 A. (Witness Parkyn) Yes. If you look at
13 answer 18 on page 6, there is an error in the way the
14 number was typed in the summary. The table shows [REDACTED]
15 [REDACTED] That became [REDACTED] in the paragraph
16 above. So if it's correctly stated, the introductory
17 paragraph would say "Total O&M costs, excluding
18 depreciation, amount to approximately [REDACTED]
19 over 40 years."

20 Q. [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 A. [REDACTED]

24 Q. [REDACTED]

25 [REDACTED]

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MR. SILBERG: Thank you. I have no further questions.

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MR. BOLLWERK: All right. Any recross?

14

MS. NAKAHARA: May I have a few minutes?

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JUDGE BOLLWERK: Yes. Can we go off the record?

17

(Discussion held off the record.)

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JUDGE BOLLWERK: You have nothing further, I take it? All right. Ms. Nakahara?

20

RE CROSS-EXAMINATION

21

BY MS. NAKAHARA:

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Q. Mr. Kapitz, you indicated that you oversee the labor for spent fuel transfers at Prairie Island, correct?

25

A. (Witness Kapitz) That's correct.

1 Q. Are you familiar with the salaries for the
2 personnel used to load the spent fuel at Prairie
3 Island?

4 MR. SILBERG: I'm sorry, I'm having trouble
5 hearing you.

6 MS. NAKAHARA: I'm sorry, I'm not using the
7 mic.

8 Q. (BY MS. NAKAHARA) Are you familiar with the
9 salaries for the personnel to transfer spent fuel at
10 the Prairie Island ISFSI?

11 A. (Witness Kapitz) Only my own.

12 Q. Mr. Parkyn, can you clarify? You testified
13 with respect to the operating and maintenance costs for
14 the Great Salt Lake and Southern Railroad versus the
15 intermodal transfer facility, and I'm not sure I quite
16 understood your testimony. Could you clarify which
17 cost was greater and what it included? Maybe I
18 misunderstood?

19 A. (Witness Parkyn) Okay. The costs are
20 collected in either case as part shipping fees,
21 transportation fees. What I testified to is that the
22 total costs of the rail operation were higher of the
23 two, so that's the one that's included. Obviously,
24 part of that is capital driven. I don't recall
25 specifically hour-by-hour what the relationship of the

1 costs between the ITP and the operating costs of the
2 railroad are on a given operation.

3 Q. If I understand you correctly, total cost
4 for the rail shipment from the reactor site to PFS if
5 it went all by rail are higher than total costs for
6 transportation from the reactor site to Rowley Junction
7 and then transferring it to heavy haul trucks to the
8 site; is that correct?

9 A. (Witness Parkyn) That would be true
10 because, again, of the cost of the rail line as part of
11 that.

12 Q. And then if you will look at the lease
13 agreement on page 13, Section 9 that you summarized,
14 Section 9, paragraph B under Workman's Compensation?

15 MS. MARCO: Your Honor, I don't have that
16 document.

17 JUDGE BOLLWERK: All right.

18 MR. SILBERG: I don't have it either. If
19 you don't mind me looking over your shoulder.

20 Q. (BY MS. NAKAHARA) Do you still have the
21 document?

22 A. (Witness Parkyn) No, I don't.

23 MR. BOLLWERK: I certainly don't have it.

24 MR. SILBERG: If we take a few minute break
25 we can get some copies run.

1 JUDGE BOLLWERK: Can we come back to that
2 question?

3 MS. NAKAHARA: Sure.

4 JUDGE BOLLWERK: That way they can make the
5 copies and that way it will be more efficient that way.

6 Q. [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 A. [REDACTED]

11 Q. [REDACTED]

12 A. [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 Q. Then last question subject to the question
24 on the lease. Mr. Kapitz, you testified about the

25 manufacturing time for a TN-40 versus a HI-STORM

1 canister cask combination unit, that it would be
2 longer. How long would it take to manufacture the
3 canister alone for the HI-STORM unit?

4 A. (Witness Kapitz) I guess I'm -- I haven't
5 ever ordered one so I haven't seen that. Based on my
6 knowledge of the system in my visits to U.S. Tool & Die
7 and I have seen them under fabrication, my guess from
8 the time you ordered one to the time of delivery would
9 be six months or less.

10 Q. And how long for the storage cask portion?

11 A. (Witness Kapitz) The HI-STORM?

12 Q. Yes.

13 A. (Witness Kapitz) Again, six months,
14 probably even less than that. Probably four or five
15 months or less.

16 Q. And can both units be made simultaneously?

17 A. (Witness Kapitz) Yes, they can.

18 MS. NAKAHARA: That's all I have until they
19 get back with the Exhibits.

20 JUDGE BOLLWERK: Why don't we take a brief
21 here. When we finish, you said you needed to move with
22 Parkyn on insurance, okay?

23 MR. SILBERG: No. He just wanted to look at
24 that. You can be doing that now if you like.

25 JUDGE BOLLWERK: We'll take a five-minute

1 break here until the copies come back, then.

2 (A recess was taken).

3 JUDGE BOLLWERK: Back on the record. I
4 think everyone now has received a copy of the document
5 in question, the portions of the amended lease, and I
6 don't know who -- Mr. Silberg, do you want to put it
7 into evidence or do you want Mr. Gaukler to do it?

8 MR. SILBERG: Well, can we just stipulate it
9 into evidence?

10 MS. NAKAHARA: Yes.

11 MR. SILBERG: Pursuant to the stipulation, I
12 offer the cover page and pages 13 and 14 of the Amended
13 and Restated Business Lease between the Skull Valley
14 Band of Goshute Indians and Private Fuel Storage dated
15 May 20, 1997 as Applicant's Exhibit J.

16 JUDGE BOLLWERK: And the document just
17 described by counsel that's Exhibit J, the record
18 should reflect that it's been identified for the record
19 and moved into evidence as stipulated.

20 [Applicant's Exhibit J was marked
21 for identification and received in
22 the record.]

23 MS. CHANCELLOR: Could we see what you've
24 marked?

25 MR. SILBERG: It's the same thing.

1 JUDGE BOLLWERK: If there's a problem, I'll
2 give up my copy if that will help.

3 WITNESS PARKYN: Or mine.

4 Q. (BY MR. SILBERG) You have a copy of the
5 document, right?

6 A. (Witness Parkyn) Yes.

7 MR. SILBERG: And Ms. Nakahara. The staff
8 has a copy?

9 MS. MARCO: Yes.

10 Q. (BY MS. NAKAHARA) Mr. Parkyn, please refer
11 to page 13, Section 9, entitled "Workers'
12 Compensation." And the first sentence says, "The LLC
13 shall comply with all applicable State of Utah workers'
14 compensation laws and shall maintain workers'
15 compensation insurance in the same manner and to the
16 same extent as any enterprise or business authorized to
17 do business on the Reservation or in the State of
18 Utah."

19 Is it correct that you understand that
20 clause to require you to meet the requirements of the
21 State of Utah for workers' compensation laws as if PFS
22 was located within the jurisdiction of the state?

23 A. (Witness Parkyn) I'm not even sure how to
24 answer that one.

25 Q. This sentence says that PFS will basically

1 comply with all applicable State of Utah workers'
2 compensation laws, but PFS is not under the
3 jurisdiction of the state if it employs employees on
4 the Reservation, correct?

5 A. (Witness Parkyn) That's correct.

6 Q. Then the next portion of the sentence says,
7 "and shall maintain workers' compensation insurance in
8 the same manners and to the same extent as any
9 enterprise or business authorized to do business on the
10 Reservation or in the State of Utah." So is it correct
11 that this first part of the sentence requires PFS, for
12 purposes of this lease agreement, requires PFS to
13 comply with the State of Utah workers' compensation as
14 if your company was located within the jurisdiction of
15 the state?

16 MR. SILBERG: I believe the wording speaks
17 for itself and says "all applicable Utah workers'
18 compensation laws."

19 MS. NAKAHARA: That's my confusion. It says
20 "all applicable," and by being located on the
21 Reservation the company would not be under the
22 jurisdiction of the state, but at the same time it has
23 the second clause that says as if -- not as if, strike
24 that -- as any enterprise or business authorized to do
25 business on the Reservation or in the State of Utah.

1 MR. SILBERG: I would also object to the
2 question as it goes beyond the question of insurance,
3 which was the subject of my re-redirect.

4 MS. NAKAHARA: But it goes to how insurance
5 -- as to whether there are assurances or insurances
6 that will be obtained or not.

7 MR. SILBERG: And it says "shall maintain
8 workers' compensation insurance." The issue of which
9 Workers' Compensation insurance laws which may or may
10 not go beyond the question of insurance and is, A,
11 beyond the scope of redirect.

12 MS. NAKAHARA: I'm not trying to seek --

13 MR. SILBERG: I think that's exactly what
14 you're asking.

15 MS. NAKAHARA: What I'm trying to get is
16 whether it's his understanding that he will provide
17 insurance in accordance with state law as if he was
18 regulated by the state when, in fact, he's not. I
19 guess the way I read the first clause is that it
20 doesn't apply at all so there's no purpose for the
21 entire paragraph. I'm just trying to get an
22 understanding whether PFS believes in order to comply
23 with the lease that they need to -- they need to obtain
24 workers' compensation insurance as required by state
25 law as if they were under the state's jurisdiction.

1 JUDGE BOLLWERK: I'm going to allow the
2 answer to the question however Mr. Parkyn can answer
3 it.

4 WITNESS PARKYN: I guess with the preface
5 that this has nothing to do with the state's
6 jurisdiction over sovereign lands, it was intended to
7 assure that we provide workers' compensation that this
8 was to protect two parties, the people working there
9 from the results of an injury while working there, and
10 the band is host to us being there, so that workers who
11 were hurt or disabled and had no compensation from PFS
12 and would look to the band to provide that. So we are
13 to provide workers' compensation insurance in the same
14 way we would if we were located someplace else within
15 the State of Utah.

16 MS. NAKAHARA: Thank you. That's what I was
17 looking for. There may be one more question.

18 I have no more. Thank you.

19 JUDGE BOLLWERK: All right. Any other
20 further redirect, any questions from anyone? Board
21 questions, then? Judge Kline, Judge Lam?

22 JUDGE LAM: Mr. Parkyn and Mr. Kapitz, would
23 you go to page 6 of your prefilled testimony?

24 WITNESS PARKYN: We're ready.

25 JUDGE LAM: In answer to question 18 you

1 have provided a list of O&M cost categories and I see a
2 very wide range of different precisions in your
3 estimate. For example, sales tax was calculated down
4 to [REDACTED] and some costs are running up to a million
5 dollar, for example, like transportation and storage
6 consumable. Now, these level, different level of
7 precision, does it reflect special knowledge in your
8 estimate or is this just the way you put them together?

9 WITNESS PARKYN: I'll apologize. Certainly
10 sales tax was mentioned earlier. We had a review done
11 to look at the items in the budget that would pay sales
12 tax, and it is carried out I believe in Utah to the
13 third digit, and it was taken out of here as the
14 computer calculated it on these amounts and, thus, it
15 is no more precise than the expenditures on which it
16 was calculated.

17 But you're right, it does come out looking
18 that way because it carries it out to the ultimate
19 digit because it's calculated it on the appropriate
20 expenditures what the total sales tax would be. But
21 no, we have no higher precision, really nothing that we
22 have precision knowing the rate, and we had a legal
23 review as to what items it would apply to. But it's
24 still subject to the same techniques that we used in
25 gaining the original numbers.

1 JUDGE LAM: Also, in your prefiled testimony
2 and in your answer to state counsel today you stated
3 that about [REDACTED] percent of the total O&M costs is subject
4 to escalation in the context that remaining
5 pass-through cost items; is that correct?

6 WITNESS PARKYN: I believe I stated that
7 roughly [REDACTED] percent was a pass-through, that's question
8 and answer 108, and that the other items would be
9 subject to escalation parameters.

10 JUDGE LAM: Right. Because my reading of
11 your testimony or your prefiled testimony is three
12 course items that add up to [REDACTED] percent of the O&M
13 items, canister, cask and rail fees, would be about [REDACTED]
14 percent. And assuming host payment escalation up would
15 not be included, I see about [REDACTED] percent O&M cost
16 which would be subject to escalation. Am I correct?

17 WITNESS PARKYN: Within the factors that are
18 escalated, some of them are actuals, per se. So it
19 looks like in answer 108, those that had parameters
20 rather than actual, the ones between the two are topics
21 such as Nuclear Regulatory Commission fees. They go
22 through at whatever their rate changes are.

23 JUDGE LAM: Right.

24 WITNESS PARKYN: So you mentioned the others
25 look like they're about [REDACTED] percent and that's what I've

1 got here is a total, in answer 108.

2 JUDGE LAM: Right. The question I'm leading
3 to is this: Within the cost category in which you have
4 control, I would see only about [redacted] percent of the total
5 O&M costs fall into that category, [redacted]

6 [redacted]
7 [redacted]
8 [redacted]

9 [redacted] So just for a minute, assuming my
10 calculation is correct, only [redacted] percent of the O&M
11 costs are within your control.

12 And my further reading tells me that labor
13 and operating support would be a dominant component in
14 the costs that were subject to escalation. Therefore,
15 the question is: Would labor costs and operation costs
16 -- I mean operation support costs, being a dominant
17 driver to cost escalation, the question is what
18 assurance do you have that the estimated costs of these
19 two categories are reasonable?

20 WITNESS PARKYN: [redacted]
21 [redacted]
22 [redacted]
23 [redacted]
24 [redacted]
25 [redacted]

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[REDACTED]

23 Then you had asked me my feeling regarding
24 labor and operations, is the two categories you're
25 referencng to. I spent quite a bit of time looking at

1 labor. I have run a nuclear power plant, I have loaded
2 fuel in and out of cars and I have loaded fuel
3 personally for shipments from two facilities, and also
4 unloaded at one facility as it came in. So the
5 staffing pattern was very carefully thought out. I
6 also had assistance from -- off-site review from three
7 nuclear power stations who went through the labor
8 calculations I had, the number of people.

9 So far as the total cost of those people, I
10 looked at what type of work was being done. As I'm
11 sure many people realize, this has a rather low nuclear
12 component, we're not running a facility. So we're
13 looking for long-term, good reliable people who will
14 provide security, who will provide maintenance. We're
15 not operating a power plant so we don't have licensed
16 staff persons. We have engineers that, a small number,
17 principally nuclear engineers who are working off site
18 supervising loading -- not supervising, but overseeing
19 to assure compliance with our contract. So the levels
20 I picked I felt were reflective of what staff would be
21 achievable of being obtained at in 1977 dollars.

22 MR. SILBERG: 1997 dollars?

23 WITNESS PARKYN: I keep saying that. I've
24 been in this industry too long. I mean 1997 dollars.
25 So obviously we have several years of inflation that we

1 would be putting on those. So I have a very high level
2 of confidence in the labor because I have spent so many
3 years in hiring and directing crews and doing that.

4 Operation support carries a variety of
5 different categories, and I'm trying to find what they
6 are right now. I can go to the Business Plan. One of
7 the items is the travel requirements for people to go
8 and oversee. And of course that was an estimate based
9 on an average year for the number of trips that I
10 thought people would have to take to almost totally
11 that's the component of watching fuel loadings.

12 Education and training, apprenticeship and
13 certification, recruiting and relocations. The
14 relocation had a higher amount in the Business plan for
15 the first year of operation when a limited number of
16 people would be moved here, but our intent is to hire
17 almost totally persons who live here. So these would
18 not be out-of-state persons coming in.

19 So I would say that my feeling of precision
20 on operations support, while not as precise, certainly,
21 as labor, is pretty high. You get into issues like
22 what will postage and freight be and that's a best
23 estimate for what I think we will be doing and how
24 often I think we will be using those activities. But
25 the dominant ones in there were looked at pretty close.

1 An issue like legal fees, certainly I made an estimate,
2 but that's very dependent on what lies ahead.

3 JUDGE LAM: So you're saying you would not
4 be surprised by suddenly you need to hire a Dr.
5 Einstein or ask Mr. Silberg to come back and join your
6 full-time staff?

7 WITNESS PARKYN: You know, I shudder at the
8 concept of Mr. Silberg, but being an engineer I would
9 be certainly willing to hire Mr. Einstein. We have
10 given a lot of thought to the safety review committee,
11 because we consider that a very key part. So you'll
12 notice that there is funding for day use off-site
13 non-company employees. We're going to strictly
14 outside. The Goshute band also has a member, full
15 member on the safety review committee so that they have
16 the ability to interact and stop any work where they
17 feel there are problems with it. So there's been a lot
18 of looking at this from a lot of years of experience.

19 JUDGE LAM: Thank you.

20 MR. BOLLWERK: I don't have any questions.
21 I just have one comment. I notice there's going to be
22 a visitor's center, but it's only staffed by one
23 person. I hope you'll give that person a vacation.

24 MR. SILBERG: I get to fill in.

25 WITNESS PARKYN: You'll note that's about

1 what we would pay Mr. Silberg, the rate that's in the
2 testimony. Yes, the visitor's center is something, I
3 think -- it's not a requirement, it's nothing to do
4 with the Nuclear Regulatory Commission license, but the
5 feeling is that the public does need a contact point
6 for something such as the soda fuel storage facility.
7 So on one side of it would face the facility itself,
8 but the bulk of the building will be pretty much under
9 the control of the tribe in the sense that we're
10 looking for displays of their history and culture. Our
11 hope is to have the one person who is there at a time
12 running it, if at all possible, be a member of the
13 Skull Valley Band of Goshutes who will put the face on
14 it of understanding the history of the tribe and then
15 can certainly learn the nuclear part of it. So it will
16 be well worth the effort and the cost.

17 JUDGE BOLLWERK: All right. Thank you, sir.
18 Any other parting questions based on the Board's
19 questions?

20 MS. NAKAHARA: We have none.

21 JUDGE BOLLWERK: If not, then this concludes
22 the first leg of testimony of these two gentlemen. Mr.
23 Kapitz, I think we can dismiss you. I think you are
24 finished for the evening and we'll thank you for your
25 presentation and service to the Board and you're

1 dismissed subject to later recall, if necessary. Mr.
2 Parkyn, I think we have one more set of testimony for
3 you this evening, sir.

4 DIRECT EXAMINATION

5 BY MR. GAUKLER:

6 Q. Mr. Parkyn, you have before you a copy of
7 testimony labeled "Testimony of John Parkyn on On-Site
8 Property Insurance for the PFSF Utah Contention E/
9 confederated Tribe F, June 15, 2000?"

10 A. I do.

11 Q. And was this document prepared by you or
12 under your supervision?

13 A. (Witness Parkyn) It was.

14 Q. Is this document true and correct, to the
15 best of your information?

16 A. (Witness Parkyn) Yes, it is.

17 Q. Do you have any corrections to make to this
18 document?

19 A. (Witness Parkyn) None that I'm aware of.

20 Q. Do you adopt this document as your testimony
21 in this proceeding with respect to the topic of on-site
22 property insurance?

23 A. (Witness Parkyn) I do.

24 Q. Attachment 1 to the document is a copy of
25 your resume. Is that a true and correct copy of your

1 resume?

2 A. (Witness Parkyn) It is.

3 MR. GAUKLER: Your Honor, I would move that
4 this document dated June 15, 2000, "Testimony of John
5 Parkyn on On-Site Property Insurance for the PFSF
6 Contention Utah E/Confederated Tribes F" be inserted
7 into the transcript as if read at this hearing today.

8 JUDGE BOLLWERK: All right. Any objections?

9 MS. NAKAHARA: No objection.

10 MR. BOLLWERK: Then the testimony of Mr.
11 Parkyn, as described by counsel and the attachment in
12 the curriculum vita or his resume will be admitted and
13 bound to the record as if read. There were no Exhibits
14 with this particular testimony.

15 [Whereupon, the direct written
16 testimony of Mr. Parkyn was
17 inserted into the record.]

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June 15, 2000

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Before the Atomic Safety and Licensing Board

In the Matter of)	
)	
PRIVATE FUEL STORAGE L.L.C.)	Docket No. 72-22
)	
(Private Fuel Storage Facility))	ASLBP No. 97-732-02-ISFSI

TESTIMONY OF JOHN PARKYN ON
ON-SITE PROPERTY INSURANCE FOR THE PFSF
CONTENTION UTAH E/CONFEDERATED TRIBES F
(Revised per Board Order of June 12, 2000)

I. BACKGROUND

Q1. Please state your full name.

A1. John D. Parkyn

Q2. By whom are you employed and what is your position?

A2. Chairman of the Board of Managers of Private Fuel Storage, L.L.C. I am also currently serving as Vice President of Genoa Fuel Tech, a subsidiary of Dairyland Power Cooperative. I am also Chairman and CEO of the Great Salt Lake and Southern Railroad and a Director of River Bank in La Crosse, Wisconsin.

Q3. Please summarize your educational and professional qualifications.

A3. I received a bachelor's degree in nuclear engineering from the University of Wisconsin. I am a licensed Professional Engineer in Wisconsin and a licensed Professional Nuclear Engineer in California. I have served as a member of the National Planning Committee for the American Nuclear Society and I am a past

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Chairman of the Wisconsin Division of the American Nuclear Society. I also served on the Evaluation and Review Group for the Institute of Nuclear Power Operations. I have written many papers on nuclear energy and its implementation.

I have worked with nuclear power for over 30 years. From 1967 to 1969 I served as a certified reactor operator with the U.S. Army at White Sands Missile Range. From 1972 to 1974 I was an operations engineer, fuel shipping supervisor, and a licensed Senior Reactor Operator at Wisconsin Electric Power Company's Point Beach Nuclear Plant, where my responsibilities included budgeting and costing of changes to the plant. In 1974 I moved to Dairyland Power Cooperative, where I worked as an Operations Engineer, Shift Technical Advisor, Fuel Shipping Supervisor, Shift Supervisor, and Senior Reactor Operator at the La Crosse Boiling Water Reactor. From 1979 to 1982 I was the Assistant Superintendent at La Crosse where I ran plant operations and oversaw site security. In 1982 I became Plant Manager and Acting Chief Executive Officer for Nuclear Power. I was responsible for oversight of plant operations and all of the budgeting and staffing for the site and managed the plant as it shut down and commenced decommissioning. In 1994 I shifted my focus to the disposition of spent nuclear fuel and moved to work on the Mescalero Fuel Storage project. I stayed with the project when it became Private Fuel Storage.

I am currently serving on the Governor's Commission on Passenger Rail in Wisconsin. I have also served as a member of the Wisconsin Legislative Study Committee on Railroads. I have served in a number of positions of responsibility in my community. I have been Chairman of the Board of the Bank of Stoddard, Wisconsin and the Bank of Ferryville, Wisconsin. I have served as the Treasurer of the School District of La Crosse, Wisconsin and the Vice Chairman of the Finance Committee of Vernon County, Wisconsin.

Q4. What is your experience with and base of knowledge regarding insurance for nuclear facilities?.

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A4. As plant manager at La Crosse, I was concerned with the requirements for and costs of nuclear insurance for operating reactors and reactors undergoing decommissioning.

Q5. Are you familiar with the Private Fuel Storage Facility (PFSF) and the activities that will take place there?

A5. Yes

Q6. What is the basis of your familiarity with the PFSF?

A6. I am responsible for the operation of the company, which is constructing and operating the facility..

Q7. What is the purpose of your testimony?

A7. The purpose of my testimony is to address the only remaining aspect of Subpart 10 of Contention Utah E/Confederated Tribes F, i.e., the amount of on-site nuclear property damage coverage that PFS should obtain.

In Contention Utah E/Confederated Tribes F, the State of Utah and Confederated Tribes assert in Subpart 10 that: "The application does not provide assurance that PFS will have sufficient resources to cover non-routine expenses, including without limitation the costs of a worst case accident in transportation storage or disposal of the spent fuel."

In ruling on PFS's motion for partial summary disposition of Contention Utah E/Confederated Tribes F, the Board found that the issue of the amount of on-site nuclear property damage coverage PFS should obtain was the only material factual issue in dispute with respect to this subpart of the contention.

II. NUCLEAR PROPERTY INSURANCE FOR THE PFSF

Q8. For what kinds of facilities does the NRC currently require nuclear property insurance?

A8. The NRC currently requires on-site nuclear property insurance only for nuclear reactors, under 10 C.F.R. § 50.54(w).

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Q9. Does the NRC require ISFSIs licensed under 10 C.F.R. Part 72 to maintain on-site nuclear property insurance?

A9. No. The NRC regulations impose no on-site nuclear property insurance requirements for ISFSIs, such as the PFSF. Similarly, the NRC has imposed no on-site nuclear property insurance requirements for material facilities licensed under 10 C.F.R. Part 70, such as uranium enrichment facilities, fuel fabrication facilities, or plutonium processing facilities. In fact, when the NRC first promulgated 10 C.F.R. § 50.54(w), which imposed property insurance requirements on reactors, the Commission agreed with a comment that “[w]ith fuel merely stored at a reactor, the chance of an accident requiring extensive decontamination is extremely remote” and it changed the final rule so that “insurance need be in force only when the utility is licensed to operate the reactor.” 47 Fed. Reg. 13,750, 13,752 (1982).

Q10. Will PFS have on-site property insurance for the PFSF?

A10. Yes. PFS will obtain the maximum amount of on-site nuclear property insurance now available at reasonable costs and at reasonable terms from private sources. Nuclear Electric Insurance Limited (NEIL) has indicated that it is willing to provide PFS a maximum of [REDACTED] of on-site property coverage. See PFS Exhibit F, Letter from NEIL to John D. Parkyn. Hanson Pickerl, of Marsh USA, has indicated that overseas insurers could provide a maximum of an additional [REDACTED] of on-site coverage for the PFSF. NEIL has indicated that it would provide [REDACTED] in coverage for an annual premium of [REDACTED]. Hanson Pickerl has indicated that the overseas insurers would provide their additional [REDACTED] in coverage for an annual premium of [REDACTED]. Thus, the total annual premium for PFS’s on-site nuclear property insurance would be [REDACTED].

Nevertheless, based on the amount of nuclear property insurance coverage the NRC requires for other facilities as discussed below, PFS believes that \$70 million in nuclear property insurance would be more than sufficient to cover on-site recovery costs in the event of a radiological accident at the PFSF. In its

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response to PFS's motion for partial summary disposition of Contention Utah E, the NRC Staff concurred with PFS.

Therefore, PFS commits to obtaining the maximum nuclear property insurance coverage that is available for the PFSF for a total annual premium of [REDACTED] (in 2000 dollars). If, in the future, the level of coverage available for an annual premium of [REDACTED] drops below \$70 million (in 2000 dollars), then PFS will either continue to maintain \$70 million in coverage or perform an accident consequences assessment and determine the on-site recovery cost that PFS would incur from the maximum credible radiological accident at the site. If PFS chooses to perform the accident assessment and the on-site recovery costs are projected to be greater than \$70 million, then PFS will obtain additional nuclear property insurance to cover the amount by which the projected cost exceeds \$70 million. However, in no case will PFS obtain more nuclear property insurance coverage than 1) what is available at reasonable costs and at reasonable terms from private sources at the time PFS obtains its additional coverage or 2) the amount of coverage the NRC may subsequently, by rulemaking, require for ISFSIs such as the PFSF.

Q11. Are there any circumstances concerning nuclear property insurance maintained under 10 C.F.R. § 50.54(w) for nuclear reactors that could be considered analogous to ISFSIs and which could serve as a basis for judging the sufficiency of the coverage PFS will obtain?

A11. Yes. Under 10 C.F.R. § 50.54(w) the NRC has significantly reduced its property insurance requirements for reactors that are undergoing decommissioning and no longer are capable of operating, after the fuel has been removed from the reactor and has sufficiently cooled. If all the fuel were removed from a reactor's spent fuel pool and stored in dry casks, like those that will be used at the PFSF, and if there were no significant potentially mobile sources of radioactivity, like radioactive liquids, remaining on the reactor site, the circumstances at the reactor site would be similar to those at a dry storage ISFSI like the PFSF. If the spent fuel remained stored in the spent fuel pool, instead of being moved to dry storage

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at the site, the circumstances at the reactor site would be similar to a wet storage ISFSI.

Q12. How much nuclear property insurance coverage does the NRC require for reactors undergoing decommissioning with their spent fuel cooled to the point that it could be stored in an ISFSI (independent of whether the fuel is stored in the spent fuel pool or in dry casks)?

A12. The NRC has reduced its nuclear property insurance requirements for reactors on an individual basis, pursuant to requests by individual licensees. The following reactors obtained reduced property insurance requirements while undergoing decommissioning:

Reactor	Configuration at Time of Exemption	Required Coverage	Date Granted
Humboldt Bay	fuel in pool	\$63 million	1989
Rancho Seco	fuel in pool	\$30 million	1991
Yankee Rowe	fuel in pool	\$5 million	1993
Trojan	fuel in pool	\$5 million	1993
Shoreham	fuel off site/ 75% decommissioned	exempt	1994
Ft. St. Vrain	fuel in ISFSI/ 65% decommissioned	exempt	1995
Connecticut Yankee	fuel in pool	\$50 million	1998
Maine Yankee	fuel in pool	\$50 million	1999
TMI 2	fuel 99% off site	\$50 million	1999
Zion	fuel in pool	\$50 million	1999

Q13. What was the basis for the reduced coverage allowed by the NRC for those reactors and would that basis apply to an ISFSI like the PFSF?

A13. The NRC has granted reactors undergoing decommissioning exemptions from the NRC's property insurance requirements applicable to power reactors because of the fact that once the reactor is no longer fueled and the fuel in the spent fuel pool has aged to the point where a spent fuel pool fire is no longer credible, the

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potential for severe accident consequences that would require extensive site cleanup is greatly reduced. In that configuration, sources of potential energy in the form of heat and pressure that could dissipate a large quantity of radioactive material over a large area are no longer present at the reactor site.

Similarly, at the PFSF, sources of potential energy in the form of heat and pressure that could dissipate a large quantity of radioactive material over a large area are not present, in that the spent fuel at the PFSF will be aged (at least 5 years) before arrival and it will be stored in welded steel canisters placed inside concrete storage casks, such that the risk of a release of radioactive material from the PFSF is even less than the risk of a release of radioactive material from a reactor spent fuel pool.

Since 1996, the NRC reduced on-site property insurance requirements for reactors undergoing decommissioning (Connecticut Yankee, Maine Yankee, TMI-2, and Zion) to \$50 million on the basis of comparisons of those sites with the analyses performed by the NRC Staff discussed in Changes to the Financial Protection Requirements for Permanently Shutdown Nuclear Power Reactors, 10 CFR 50.54(w) and 10 CFR 140.11, SECY-96-256 (Dec. 17, 1996). In its analysis, the Staff considered a beyond-design-basis but "reasonably conceivable" accident that would drain the spent fuel pool, the maximum credible fuel handling accident, and the rupture of a large liquid radioactive waste storage tank. Based on the age of the fuel at those plants, the Staff concluded that spent fuel pool fires would not occur if water were drained from the pools and thus pool drainage accidents would not drive coverage requirements. The Staff analysis also determined, however, that onsite recovery from the spent fuel handling accident could cost up to \$24 million and on-site recovery from the radioactive waste tank rupture could cost up to \$50 million. Thus, property insurance requirements were set at \$50 million. The NRC has proposed to codify the reductions in coverage for decommissioning based on the Staff analysis, i.e., \$50 million in on-site property insurance for reactors with spent fuel in the pool but for which spent fuel

PROPRIETARY INFORMATION

pool fires are not possible. Financial Protection Requirements for Permanently Shutdown Nuclear Power Reactors, 62 Fed. Reg.-58,690 (1997).

Q14. How does the PFSF compare with any of the reactors for which property insurance requirements have been reduced?

A14. The PFSF is most comparable to Ft. St. Vrain, where the fuel has been removed from the reactor and placed in an on-site ISFSI and the activated graphite blocks from the reactor building have been disposed of off-site. While the Ft. St. Vrain ISFSI is now a DOE site, when it was privately owned, the NRC exempted it entirely from its property insurance requirements.

Q15. In addition to the analyses considered in the reduction of on-site property insurance for decommissioning reactors, has the NRC sponsored any research that would suggest what the cost of cleaning up an accident at an ISFSI would be?

A15. Yes. Brookhaven National Laboratory performed a study in which it considered potential accidents at ISFSIs and determined that the cleanup cost for the bounding accident would be approximately \$6 million. R.J. Travis et al., A Safety and Regulatory Assessment of Generic BWR and PWR Permanently Shutdown Nuclear Power Plants, NUREG/CR-6451 (Aug. 1997) at 4-9.

III. CONCLUSION

Q16. In light of the amount of on-site nuclear property insurance reasonably available from private sources and the insurance requirements the NRC has imposed on reactors undergoing decommissioning, do you consider the coverage to which PFS has committed to obtaining for the PFSF sufficient?

A16. Yes. As discussed above, PFS will obtain the maximum amount of on-site nuclear property insurance currently reasonably available [REDACTED] and will continue to maintain the maximum coverage it can obtain for [REDACTED] (in 2000 dollars). The NRC currently requires no nuclear property insurance for ISFSIs licensed under 10 C.F.R. Part 72. Moreover, the amount PFS will obtain [REDACTED] the \$50 million the NRC has been requiring for reactors undergoing decommissioning. Therefore,

~~PROPRIETARY INFORMATION~~

the amount of nuclear property insurance PFS will obtain for the PFSF is sufficient.

Attachment 1

ATTACHMENT 1

P.O. Box C4010
La Crosse, Wisconsin 54602-4010

John Parkyn

Position	Chairman of the Board, Private Fuel Storage, LLC	
Education	University of Wisconsin • Bachelor of Science in Nuclear Engineering	Madison, WI
	United States Army • Certified Reactor Operator	White Sands Missile Range, NM
Nuclear Facility Licenses	Wisconsin Electric Power Company • NRC Licensed Senior Reactor Operator Point Beach Units 1 & 2	Milwaukee, WI
	Dairyland Power Cooperative • NRC Licensed Senior Reactor Operator La Crosse Boiling Water Reactor	La Crosse, WI
Professional Licenses	• Professional Engineer - Wisconsin • Professional Nuclear Engineer - California	
Publications	Author of numerous papers on nuclear energy and its implementation	
Professional Associations	• Past Member, National Planning Committee, American Nuclear Society • Past Chairman, Wisconsin Division, American Nuclear Society	
Positions Held in Nuclear Facilities	• Relief Shift Supervisor • Shift Technical Advisor • Relief Operator • Operations Engineer • Technical Assistant • Assistant Superintendent • Plant Manager • Acting Chief Executive Officer for Nuclear Power (CNO)	

1 MR. GAUKLER: The only Exhibit was Exhibit F
2 which has already been introduced.

3 JUDGE BOLLWERK: And I believe the witness
4 is available for cross-examination.

5 MS. NAKAHARA: Your Honor, may I approach?

6 JUDGE BOLLWERK: Yes.

7 CROSS-EXAMINATION

8 BY MS. NAKAHARA:

9 Q. Mr. Parkyn, thank you for --

10 MR. SILBERG: Connie, could you move to the
11 microphone?

12 Q. (BY MS. NAKAHARA) If you'll refer to your
13 testimony on page 4 in your response to question number
14 10, is it correct that the Nuclear Electric Insurance
15 -- is it correct that you testified that the Nuclear
16 Electric Insurance Limited, or NEIL, agreed to offer
17 PFS a maximum amount of on site property insurance of
18 [REDACTED]?

19 A. (Witness Parkyn) [REDACTED] yes.

20 Q. Thank you.

21 Is it also correct that an unnamed -- well,
22 strike that.

23 Is it also correct that London companies
24 that Mr. Pickerl identified yesterday in his testimony
25 has offered to cover PFS for an additional [REDACTED]

1 in on-site nuclear property insurance?

2 A. (Witness Parkyn) That's correct.

3 Q. And is it correct that you testified that
4 PFS will obtain the maximum amount of on-site nuclear
5 property insurance now available at reasonable costs
6 and reasonable terms from private sources?

7 A. (Witness Parkyn) Yes.

8 Q. And if you'll refer to your answer to
9 question 10, the second sentence after yes. You
10 qualify your intent to obtain on-site nuclear property
11 insurance based on what is now available at reasonable
12 costs and reasonable terms. Please explain what you
13 mean by now "available."

14 If you'll look on your answer to question
15 10, it's the sentence following yes.

16 A. (Witness Parkyn) I guess the word just
17 indicates that we went out now and looked at what was
18 available so that we could, in fact quantify that
19 rather than just leaving the sentence in there. So
20 there is this offering that we received back from the
21 insurance companies, again, subject to the fact that we
22 would not apply for it until it were, as Mr. Pickerl
23 outlined the appropriate time to do so.

24 Q. If an insurance market were nil or these
25 lending companies are willing to increase the maximum

1 amount available that you believe is available today
2 beyond the [REDACTED], will PFS obtain that maximum
3 amount or limit itself to the insurance coverage of

4 [REDACTED]
5 A. (Witness Parkyn) I guess it would depend on
6 the circumstances. It's excess over anything that we
7 need, is quite apparent by me in looking at what's
8 required of reactors that are just storing fuel. It
9 would certainly depend on the word I guess you've left
10 out in defining it, and that's the terms. If you're
11 saying would we want to spend more than [REDACTED] a year
12 simply because someone were willing to offer more
13 nuclear property insurance, it's some doubtful because
14 [REDACTED] is many multipliers over the shutdown
15 plants that are currently there.

16 If they were offering more at the same
17 premium, would we necessarily reduce the premium and
18 say no to the additional insurance. I can't say that
19 we would. You know, it would depend on the
20 circumstances and the offering at the time.

21 Q. If you will look on page 5 for your response
22 to answer number 10, the first full paragraph starts
23 "Therefore."

24 A. (Witness Parkyn) Yes.

25 Q. Is it correct that your statement in that

1 paragraph, that your definition of "reasonable costs"
2 is the [REDACTED] annual premium?

3 A. (Witness Parkyn) That's a way to
4 characterize it, yes.

5 Q. Is there another way to characterize it?

6 A. (Witness Parkyn) No. Not that I can
7 specifically think of right now.

8 Q. And is it also correct that you testified
9 that PFS will continue to obtain the maximum amount of
10 nuclear property insurance available at the combined
11 premium of [REDACTED] as long as the coverage amount is
12 at least \$70 million?

13 A. (Witness Parkyn) That's correct.

14 Q. And it's also correct that if the amount of
15 on-site nuclear property insurance for [REDACTED] annual
16 premium drops the coverage below \$70 million, PFS may
17 conduct an accident consequences assessment to
18 calculate on site recovery costs?

19 A. (Witness Parkyn) That's correct.

20 Q. And is it also correct, regardless of what
21 amount of on-site recovery costs any accident
22 consequence assessment projects, PFS will not obtain
23 the property insurance for that amount if the insurance
24 is not available at reasonable costs and reasonable
25 terms?

1 A. (Witness Parkyn) That's correct. If not
2 required through NRC rule making.

3 Q. And is it also correct, regardless of what
4 any PFS accident consequence assessment projects, if
5 NRC rules require a lower amount, PFS will obtain that
6 lower amount?

7 A. (Witness Parkyn) I believe that's what it
8 says, yes.

9 Q. In the event the on-site nuclear property
10 insurance drops below \$70 million coverage -- strike
11 that.

12 In the event less than \$70 million in
13 on-site nuclear property insurance is available for an
14 annual premium of [REDACTED] what would your definition
15 of reasonable costs be then?

16 A. (Witness Parkyn) I don't have a quantified
17 answer at this point.

18 Q. Can you give an idea of the type of
19 considerations you make? For example, currently in
20 some respects you define [REDACTED] in premium as what's
21 reasonable costs in your testimony on page 5, the first
22 full paragraph, but then you go on to discuss in the
23 event that coverage drops below \$70 million for
24 [REDACTED] premium, will continue to obtain \$70 million
25 in coverage if it's at-- if it's available at

1 reasonable cost. I'm trying to get an understanding of
2 how you would assess what's reasonable cost.

3 A. (Witness Parkyn) And I can't quantify it as
4 specifically as you like. If you may recall the
5 witness's testimony yesterday when he talked about all
6 the intricacies of the layers, and it would have to be
7 looked at if it ever occurred to find out exactly what
8 the cumulative amount was and what increment of
9 purchase bought you what and, as he pointed out in the
10 third case, what it might trigger on the underlying
11 levels if you exercised that. It's just -- it's
12 somewhat complicated because you don't know the exact
13 case that you're trying to determine whether or not
14 it's reasonable.

15 Q. And is it true that -- strike that.

16 If you will look at the last Exhibit that
17 was entered into evidence by PFS.

18 MR. GAUKLER: The lease, Exhibit J.

19 Q. (BY MS NAKAHARA) Do you still have that in
20 front of you?

21 MR. GAUKLER: Do you have that, John?

22 WITNESS PARKYN: Yes.

23 Q. (BY MS. NAKAHARA) If you'll look on page 13
24 of the lease agreement, Section 9, paragraph A, is it
25 correct that paragraph A reads: "Prior to the

1 Commercial Operation's Date, the LLC shall obtain a
2 commercially reasonable amount of nuclear liability
3 insurance." Do you have a cost?

4 A. (Witness Parkyn) That's nuclear liability
5 insurance, yes. Not the other insurance, though.

6 Q. Okay. Strike that. Thank you.

7 So it correct that the lease agreement does
8 not require PFS to obtain any nuclear property
9 insurance?

10 A. (Witness Parkyn) It's not specified in
11 there by name, no.

12 Q. In the event there is any nuclear-related
13 personal injury on site at the PFS facility, will PFS
14 obtain any insurance to cover personal injury?

15 A. (Witness Parkyn) Well, I guess you're
16 asking a question I'm not sure precisely -- are you
17 talking about an injury to a person because they're
18 working at a nuclear facility or are you talking about
19 some sort of an injury that's nuclear in nature?

20 Q. Some sort of injury that's nuclear in
21 nature.

22 MR. SILBERG: Mr. Chairman, I would object
23 to the question. This testimony deals with property
24 insurance on site.

25 MS. NAKAHARA: I guess I'll trying to get a

1 feel as to whether that insurance extends to any
2 personal injuries from nuclear exposure or --

3 MR. BOLLWERK: You can ask him that question
4 if he can answer it. I don't know if he can or not.

5 Q. (BY MS. NAKAHARA) Do you know if the
6 nuclear on-site property insurance would cover personal
7 injuries from any radiation exposure or nuclear
8 incident?

9 A. (Witness Parkyn) I don't believe that
10 nuclear property insurance does, no. Perhaps I should
11 add a clarifier. At least in my state, of course, a
12 person working, that's what Workers Comp. covers. It's
13 whatever their source of injury is, it doesn't exclude
14 the materials they work with.

15 Q. Including coverage for visitors? Workmans
16 Comp. wouldn't cover any --

17 A. (Witness Parkyn) You asked about a person
18 working there. I just answered it for that.

19 Q. Would nuclear on-site property cover any
20 visitors to the site?

21 A. (Witness Parkyn) No. Nuclear property
22 insurance isn't what I implied would cover the worker,
23 I was talking about Workers Comp. Visitors, I'm sure,
24 are covered under other things. I'm not an insurance
25 expert. I know they're covered, I just don't know

1 which policy.

2 Q. Mr. Parkyn, if you will look at your
3 testimony on page 6.

4 A. (Witness Parkyn) Okay.

5 Q. You identify in a table a number of reactors
6 with required coverage. Do you know if any of these
7 reactors are located near a military training and
8 bombing range?

9 A. (Witness Parkyn) I know where each of the
10 reactors are. I know in some cases proximity to
11 commercial airports. I don't know specifically how
12 close each of these may have a military facility, no.

13 Q. Do you know if any of these reactors are
14 located under a military operating area?

15 A. I wouldn't know without checking, no.

16 MS. NAKAHARA: I don't have any other
17 questions.

18 JUDGE BOLLWERK: Any staff questions?

19 MS. MARCO: No staff questions.

20 JUDGE BOLLWERK: No redirect?

21 MR. SILBERG: No, sir. ..

22 MR. BOLLWERK: Then I guess there's no
23 recross. All right. At this point Board questions?
24 Judge Lamb? I have no questions. So Mr. Parkyn, I
25 believe this completes your direct testimony except

1 with respect to Contention S, but at least with respect
2 to this Contention it completes your testimony. I
3 thank you for your attendance and your service to the
4 Board and you are dismissed subject to future recall.
5 Thank you, sir.

6 Anything anyone needs to bring to the
7 Board's attention at this point? We probably need to
8 have a brief off-the-record discussion about
9 scheduling, but we'll stand adjourned and start
10 tomorrow morning I guess with Mr. Sheehan.

11 (The taking of the proceedings was concluded
12 at 5:30 p.m.)

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Pursuant to a joint agreement among the parties, Sheets 1 through 22 of the Word Index to the June 21, 2000 Transcript have been redacted in their entirety.