

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION  
BEFORE THE COMMISSION

IN THE MATTER OF: )  
 ) Docket No. 72-1051  
HOLTEC INTERNATIONAL )  
 ) June 3, 2019  
(Consolidated Intern Storage Facility )  
Project) )

**SIERRA CLUB'S PETITION FOR REVIEW OF ATOMIC SAFETY AND  
LICENSING BOARD DECISION DENYING ADMISSIBILITY OF  
CONTENTIONS IN LICENSING PROCEEDING**

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## **I. INTRODUCTION AND SUMMARY OF GROUNDS FOR PETITION**

Sierra Club, by and through counsel, pursuant to 10 C.F.R. § 2.311(c), hereby gives notice of its appeal to the U.S. Nuclear Regulatory Commission (NRC) from the Atomic Safety and Licensing Board (ASLB) ruling, LB19-4, “Memorandum and Order (/ruling on Petitions for Intervention and Requests for Hearing)” (ML19127A026) (May 7, 2019) in the Holtec International Consolidated Interim Storage proceeding. Sierra Club specifically appeals the denial of admissibility of Sierra Club’s Contentions 1, 4, 8, 9, 11, 15, 16, 17, 18, 19, and 26.

Holtec International submitted to the Commission an application for a license to construct a storage facility for high-level radioactive waste and spent nuclear fuel from nuclear reactors across the country. The facility would be constructed in Lea County, New Mexico.

Sierra Club submitted a total of 29 contentions. The Atomic Safety and Licensing Board found that Sierra Club had standing, but ruled that none of Sierra Club’s contentions were admissible. Sierra Club appeals the ASLB ruling with respect to the following contentions, summarized as follows:

- Contention 1 – Holtec’s application documents state that the viability of the project depends on financial responsibility from either the Department of Energy (DOE) or the nuclear plant owners. DOE’s possible financial involvement violates the Nuclear Waste Policy Act (NWPA), and Sierra Club contends that the Holtec project cannot be licensed if there is a possibility that the financial arrangements would be illegal.

- Contention 4 – The radioactive waste must be transported, primarily by rail, from various reactor sites to the Holtec facility. Holtec’s environmental report must adequately discuss the risks inherent in the transportation of the waste.

- Contention 8 – A license application must contain information providing assurance for decommissioning funds for the useful life of the project. Holtec has not provided that assurance.

- Contention 9 – Holtec has not provided information to show that the storage containers will be adequate beyond their certified design and service lives of 60 years and 100 years, respectively. Holtec plans to operate the proposed facility for up to 120 years. Or if no permanent repository is ever developed, the Holtec site would become a de facto permanent repository.

- Contention 11 – There is a potential for earthquakes in the area of Holtec’s proposed facility. Holtec’s documentation did not adequately address the impacts of earthquakes on the project.

- Contentions 15-19 – These contentions addressed the inadequacy of the discussion of groundwater impacts in the Holtec documentation. Holtec’s documentation was inadequate to determine the presence of groundwater and the and the danger of impacts to the groundwater and impacts to the Holtec facility from groundwater contamination.

- Contention 26 – Holtec made a material false statement in its documentation by saying that the intent might be for nuclear plant owners to retain title to the radioactive

waste and be financially responsible. Material false statements preclude the issuance of a license.

## **II. FACTUAL AND PROCEDURAL BACKGROUND**

Holtec proposes to construct a storage facility for high level radioactive waste and spent nuclear fuel in Lea County, New Mexico. The waste would be transported across the country, primarily by rail, from nuclear reactors all around the United States. The Holtec facility is proposed to store 100,000 MTU of radioactive waste. That would be more waste than was proposed to be stored at a permanent repository at Yucca Mountain. The Holtec facility would not be a geologic repository, however. The casks in which the waste would be placed would be only partially underground, with the top of the cask above ground.

On March 30, 2017, Holtec submitted an application and accompanying documents for a license to construct the proposed nuclear waste facility. On September 14, 2018, Sierra Club filed a petition to intervene, with 25 contentions. Subsequently, Sierra Club submitted four additional contentions based on new information. A hearing was held on January 23 and 24, 2019, before the ASLB regarding standing of the parties and admissibility of contentions. On May 7, 2019, the ASLB issued a ruling finding that Sierra Club had standing, but that none of Sierra Club's contentions were admissible. Sierra Club now appeals from that ruling.

## **III. ARGUMENT**

### **A. CONTENTION 1 (VIOLATION OF NUCLEAR WASTE POLICY ACT)**

The Nuclear Waste Policy Act (NWPA), 42 U.S.C. § 10131(a)(5), specifically states that the federal government will not take ownership of spent fuel until it is received at a permanent repository. Also, 42 U.S.C. § 10222(a)(5)(A), requires DOE to “take title” to spent fuel *only* “following commencement of operation of a repository.” It would therefore be illegal as a violation of the NWPA for Holtec to contract with DOE for DOE to take title to the waste. Holtec admitted this at the ASLB hearing (Hrg. Tr. p. 250-252). Holtec sought to evade this problem by crafting its application documentation with the phrase that the waste at the proposed storage site would be owned either by DOE or nuclear plant owners.

Since the alternative of ownership by DOE is currently illegal, the only other alternative suggested by Holtec is for the nuclear plant owners to retain title to the waste. Sierra Club contends that as long as DOE ownership is presented as a possible alternative, that violates the NWPA. A license cannot be issued for a project that might be illegal. The ASLB held that the possible illegality was of no relevance because the Board assumes neither Holtec nor DOE will engage in unlawful activity (ASLB Ruling, p. 32-33). In support of that assumption the Board cited *La. Energy Services* (Nat’l. Enrichment Facility), 62 NRC 721, 726 (2005), which held “the NRC is not in the business of regulating the market strategies of licensees or whether market strategies warrant commencing operations.” But in this case we are not talking about market strategies. We are talking about an action that would be illegal. An agency cannot license an action that would be illegal.

Why should Holtec get a license now? Why shouldn't Holtec wait until, if ever, a contract with DOE would be legal? And as to possible contracts with reactor owners, why hasn't Holtec provided at least some evidence that those reactor owners would even consider contracting with Holtec? Holtec's attorney stated at the ASLB hearing (Hrg. Tr. p. 250):

I will agree with you that, on their current legislation, DOE cannot take title to spent nuclear fuel from commercial nuclear power plants, under the current statement of facts, but that could change, depending on what Congress does.

It appears that Holtec intends to use the license, if issued, as leverage to encourage Congress to change the law. In other words, Holtec would lobby members of Congress and tell them that the NRC has blessed this CIS project if DOE can legally take title to the waste. The NRC should not be a party to this kind of political maneuvering.

In this appeal it is significant that the NRC Staff has said this contention is admissible "specifically as a challenge to whether the application may propose a license condition that includes the potential for DOE ownership of spent fuel to be stored at the Holtec facility." ASLB Ruling, p. 32, n. 163. The NRC Staff recognized that Sierra Club and other intervenors who raised a similar contention presented a significant legal issue that justified admissibility.

The ASLB was incorrect in denying admissibility of this contention.

#### **B. CONTENTION 4 (TRANSPORTATION RISKS)**

Sierra Club Contention 4 demonstrated that there were environmental risks from the transportation of the radioactive waste from locations all over the country to the proposed Holtec site, and that these risks were not adequately evaluated in Holtec's

environmental report (ER). 10 C.F.R. § 72.108 states that a nuclear waste storage facility must be evaluated with respect to the potential impact on the environment of the transportation of the radioactive waste. Section 4.9.3.2 of Holtec's ER purports to analyze the risks arising from transportation accidents. It appears that the statements made in that section are alleged to be based on the environmental impact statement (EIS) in the Yucca Mountain licensing proceeding.

Sierra Club's expert, Dr. Marvin Resnikoff, cited to a report he prepared using a train derailment and fire in Baltimore, Maryland as an example of the impacts regarding transport of radioactive waste. The point of Dr. Resnikoff's study and his declaration adopting Contention 4 is that the Holtec ER does not adequately evaluate the human and financial impacts from an accident involving a train carrying radioactive waste to the Holtec facility. *Environmental Review Guidance for Licensing Actions Associated With NMSS Programs* (NUREG-1748)(Accession No. ML032450279), 6.4.2. Dr. Resnikoff shows that the Yucca Mountain EIS, which Holtec essentially relies on, is not accurate and is out of date. This raises a factual issue which must be decided at a hearing, but does not preclude admissibility of the contention. *Vermont Yankee Nuclear Power Corp.* (Vermont Yankee Nuclear Power Station), 28 NRC 440, 446 (1988); *Sierra Club v. NRC*, 862 F.2d 222, 228 (9<sup>th</sup> Cir. 1988).

The ASLB claims that Contention 4 does not state a dispute with the Holtec ER because DOE, in the Yucca Mountain EIS, disagreed with Dr. Resnikoff's analysis. But again, that simply raises a factual issue. Contention 4 specifically identifies the section of the ER which it disputes and states the reasons for that disagreement. Further, the ASLB

criticizes Dr. Resnikoff for not responding to the criticism of his analysis in the Yucca Mountain EIS. That is not relevant to admissibility of the contention. Dr. Resnikoff can be cross-examined at a hearing. All that is required for admissibility is that the intervenor state the reasons for its concerns. *Public Service Co. of New Hampshire*, (Seabrook Station, Units 1 & 2), 16 NRC 1649, 1654 (1982). The contention rules require only that contentions have “at least some minimal factual and legal foundation in support” and are not to be a “fortress to deny intervention.” *U.S. Dept. of Energy* (High Level Waste Repository), LBP-09-06 (May 11, 2009).

NRC Staff did not oppose admissibility of Contention 4. Staff agreed that the contention was admissible to the extent that it challenges the adequacy of Holtec’s environmental analysis of the potential radiological consequences of a hypothetical transportation accident.

### **C. CONTENTION 8 (DECOMMISSIONING FUNDS)**

10 C.F.R. § 72.30 establishes requirements for decommissioning interim storage facilities. An application for licensing a facility must contain a decommissioning plan explaining how the plan will satisfy the requirements in the regulation. Holtec’s decommissioning funding plan proposes to set aside \$840/MTU stored at the facility. But there is no assurance as to how much waste will actually be stored there. The Holtec ER initially said that the first of 20 phases of the project would store up to 5,000 MTU of waste, but the ER has, subsequent to Contention 8 being submitted, been amended to state that the first phase will store up to 8,680 MTU.

Contention 8 demonstrated that, based on 5,000 MTU at \$840/MTU, there would only be \$4,200,000 in the decommissioning fund. That would be far short of the \$23,716,355 estimated decommissioning costs for the first phase of the project. Even if the amended quantity of 8,680 MTU were used at \$840/MTU, the decommissioning fund for the first phase would still only be \$7,291,200. That would still be far short of the decommissioning costs for phase one. Furthermore, the decommissioning plan makes no provision for the entire 20 phases of the project, which would still result in inadequate funding. The calculations supporting this contention were set out in detail in the contention and Sierra Club's Reply to Holtec's objections to the contention.

Holtec responded that the shortfall in the decommissioning fund would be filled in by interest earned on the fund. Holtec claimed that the fund would earn *up to* 3% interest. But Holtec provided no assurance that the fund would actually earn 3% interest. In fact, interest rates have been at historic lows. Sierra Club's Reply demonstrated that even at 2% interest over the 40 year license period, the fund would have less than half of the amount needed for just the first phase of the project.

The ASLB accepted Holtec's assumption that the decommissioning fund would earn a reasonable rate of return. First of all, it is only Holtec's assumption. There was no support given in the application documentation for that assumption. Secondly, there was no evidence provided by Holtec that 3% is a reasonable rate of return. In fact, as noted above, Holtec hedged its bets and said the interest would be "up to" 3%. This assumption and speculation falls far short of the "reasonable assurance that the decontamination and

decommissioning of the [facility] at the end of its useful life will provide adequate protection to the health and safety of the public.” 10 C.F.R. § 72.30(a).

The ASLB also claimed that Sierra Club was incorrect in considering the decommissioning funds available over the entire life of the project. The ASLB said that Holtec was only required to provide decommissioning cost for the first phase of the project. However, § 72.30(a) requires decommissioning funding assurance for the “useful life” of the project. At the end of its useful life, the Holtec project will have all 20 phases of waste involved in the decommissioning. Just providing decommissioning funds for the first phase violates the requirements of § 72.30(a).

#### **D. CONTENTION 9 (IMPACTS BEYOND DESIGN LIFE AND SERVICE LIFE OF STORAGE CONTAINERS)**

The container system Holtec proposes to use at its CIS facility has a design life of 60 years and a service life of 100 years. This is the extent of the certification of the containers by the NRC. Neither the Holtec ER or SAR discuss the implications of the CIS facility being in operation beyond the certified design life and service life of the containers. The ER states that the waste may be stored at the facility for up to 120 years until a permanent repository is found. In fact, as Sierra Club repeatedly emphasized, there may never be a permanent repository and the Holtec facility would become a de facto permanent repository without the protections of a permanent repository.

The ASLB claims that the ER does not need to address long-term storage because of the Continued Storage Rule. 10 C.F.R. § 51.23. Although the Continued Storage Rule states that an ER does not need to discuss impacts beyond the license term, the rule is based on the EIS prepared in support of the rule. The EIS relies on several assumptions.

So if in a particular case, those assumptions do not apply or the bases of those assumptions are not present in a particular case, the Continued Storage Rule does not apply. The EIS assumes there will be a dry transfer system that would retrieve waste from the casks for inspection and repackaging in new containers. But Holtec has made no provision for a dry transfer system.

The ASLB relied on Holtec's unsupported conclusory statement that it will somehow monitor and retrieve the waste in the future. But Sierra Club cited statements from Holtec's president that the containers cannot be inspected, repaired or repackaged. Sierra Club also cited a statement by NRC Staff that once a crack starts in a canister, it can break through and cause a leak in 16 years. The ASLB improperly dismissed Sierra Club's evidence as not contradicting the statements in the ER. But they do contradict Holtec's unsupported statements and at least raise a factual issue that is appropriate for an evidentiary hearing.

The SAR is not subject to the Continued Storage Rule, so it can properly address impacts beyond the license term.

#### **E. CONTENTION 11 (EARTHQUAKES)**

10 C.F.R. § 51.45 requires that the ER contain a description of the environment affected and the impact of the proposed project on the environment. This would include the potential for earthquakes. 10 C.F.R. § 72.103(f)(1) requires that the SAR contain an adequate analysis of the earthquake potential of the area in and around the proposed Holtec site.

Sierra Club presented information in support of this contention showing an increase in fracking activity in the area of the Holtec facility, as well as a February, 2018 study from Stanford University. The Stanford study documented that due to increased fracking for oil and gas, new geologic faults are being induced, coming nearer to the Holtec site. In addition, Sierra Club cited to a July 30, 2018 letter from a company in the oil and gas industry that was submitted to the NRC as a NEPA scoping comment. That letter described the increase in fracking activity and the impacts that would have on the Holtec facility.

The Holtec ER, 3.3.2, contains a very short discussion of seismic information and relies on historical earthquake data that is outdated in light of the fracking activity that will induce earthquakes in the area. The discussion of earthquake potential in the ER fails to consider the impact of fracking. The Holtec SAR, 2.6, also refers only to historic earthquake data. Furthermore, the assertion in the SAR, 2.6.3, that there are no surface faults at the Holtec site is contradicted by the Stanford University study and the map submitted by Sierra Club showing the amount of fracking wells in the area.

The ASLB claimed that Sierra Club's evidence does not show a dispute with Holtec's information. In making that claim the ASLB referred to Section 3.3.2.1 of the ER and figure 3.3.4 in the ER. However, Section 3.3.2.1 makes only a passing comment about fracking and essentially dismisses the issues as irrelevant. Sierra Club's information details the impact of fracking, especially in the last few years. The ASLB also claimed that the 2016 USGS information purportedly relied on by Holtec was the most current information available when Holtec initially submitted the first version of the ER in 2017.

That ignores the fact that, prior to the ASLB hearing in January of 2019, there had been revision 0, 0A, 1, 2, and 3 of the ER. The more current information provided by Sierra Club could have, and should have, been included in the various revisions.

The ASLB also claimed that the Stanford report and its accompanying maps did not show fracking induced faults right at the Holtec site. What the report and the map show, and what the Holtec ER failed to acknowledge, is that the faults are becoming more numerous and approaching the Holtec site. This is clearly information that should have been in the ER, at least in the revised versions of the ER. But, of course, that information would have been inconvenient.

Sierra Club Contention 11 has presented sufficient facts to raise the issue of potential earthquakes to make the contention admissible.

#### **F. CONTENTIONS 15-19 (GROUNDWATER IMPACTS)**

Contentions 15-19 presented issues regarding the impacts from the Holtec facility to surrounding groundwater and impacts on the radioactive waste containers from corrosion by the groundwater. These contentions were supported by the report and declaration of George Rice, a professional hydrologist. Contention 15 stated that the ER did not adequately determine whether shallow groundwater exists at the Holtec site. Contention 16 stated that the ER did not adequately describe and account for whether corrosive materials, including brine, are present in the groundwater. Contention 17 stated that the ER and SAR did not discuss the presence and implications of fractured rock beneath the Holtec site. Contention 18 stated that impacts to the Santa Rosa aquifer were

not adequately discussed in the ER. Contention 19 stated that the ER did not show that permeability tests for the subsurface under the Holtec site were conducted properly.

The ASLB determined that all five of these contentions were not admissible because Sierra Club had allegedly not rebutted Holtec's assertion that the containers are impervious to leaking or to being breached by outside forces. Sierra Club, however, referred to the showing in Sierra Club Contentions 9, 14, 20 and 23 of issues that create a risk of leaks during storage. The ASLB responded that because those contentions were not admitted, they cannot be relied upon to support the groundwater contentions. The ASLB was incorrect for two reasons.

First, whether or not Holtec claims the containers can't leak or be breached, the ER is required to contain a complete and accurate discussion of the affected environment. 10 C.F.R. § 51.45 (b); *Environmental Review Guidance for Licensing Actions Associated With NMSS Programs* (NUREG-1748)(Accession No. ML032450279), 6.3. Sierra Club, supported by its citations to the Holtec ER and SAR and to its expert declaration, has adequately raised the issue of the adequacy of the description of the affected environment. In other words, the failure of the Holtec documentation to adequately discuss the affected environment is a violation of the NRC regulations and guidance. Judge Trikouros of the ASLB supported this point in his questioning at the hearing on admissibility:

JUDGE TRIKOUROS: About the ground water and the chemistry of the groundwater. The staff, in response, of course, provided the argument that you can't identify a mechanism whereby you'd have a leak and that leak would lead to all these problems. Isn't it true, however, that in a standalone fashion, you're questioning the adequacy of the environmental report and, perhaps even the safety evaluation report or the safety analysis report?

In your contention, you sort of focused on what could happen if there's near-surface ground water and brine present. Wouldn't it be true, however, that if you eliminate all that and just argue - - make the argument that you've shown that there's inadequacies in the environmental report, period? Would that be correct?

MR. TAYLOR: If I understand your question correctly, you're saying that I could just argue that the environmental report is insufficient, whether or not there's any pathway for contamination. Is that it?

JUDGE TRIKOUROS: Yes.

MR. TAYLOR: I think that's true. Certainly, when the environmental report addresses the issue of ground water and sub-surface conditions, they have to do a thorough, complete, and accurate job. We have shown, through our expert's opinion, that they have not. I think it was basically the staff and Holtec that raised the issue of whether or not there was a pathway for contamination. We do believe that our contentions regarding the possible leakage from the containers does provide that. I think you're right that just the inadequacy of the discussion of the underground water and sub-surface conditions would be enough for a contention, which is basically what we are arguing.

JUDGE TRIKOUROS: Okay, thank you.

(Hrg. Tr. p. 56-57).

Second, Contentions 9, 14, 20 and 23 were not admitted because they allegedly did not contradict Holtec's documentation. They were not denied admission because the information was conclusively found to be incorrect. Therefore, Contentions 9, 14, 20 and 23 can be relied upon to support the groundwater contentions.

#### **G. CONTENTION 26 (MATERIAL FALSE STATEMENT)**

Section 186 of the Atomic Energy Act, 42 U.S.C. § 2236, provides that a license issued by the NRC may be revoked for any material false statement in the license application. Specifically, that section says, in pertinent part, "Any license may be revoked for any material false statement in the application . . . or other means which would warrant the Commission to refuse to grant a license on an original application . . . ."

(emphasis added). This makes clear that a material false statement is a basis for denying a license. The Commission depends on licensees and applicants for accurate information to assist the Commission in carrying out its regulatory responsibilities and expects nothing less than full candor from licensees and applicants. *Randall C. Orem, D.O.*, 37 NRC 423 (1993).

The record in this case is that Holtec initially said in its ER that it intended for DOE to take title to the waste, although other application documents said the proposal was for either DOE or the reactor owners to own the waste. When the intervenors raised the issue of the illegality of DOE taking title, Holtec submitted Revision 3 of the ER, in which the alternative of the reactor owners taking title was inserted. Therefore, Holtec was clearly stating that there was an intent for reactor owners to possibly take title. Furthermore, as explained in the discussion of Contention 1, Holtec knew that DOE could not legally take title.

Sierra Club pointed out, however, in support of Contention 1, that Holtec officials had consistently said prior to the filing of the license application that Holtec's intent was for DOE to take title. But when the license application was filed, Holtec apparently realized that it could not admit that the plan was for DOE to take title, since that would be illegal. So, in a Freudian slip, the initial draft of the ER still referred only to DOE taking title. It seems clear, therefore, that the real intent is for DOE to take title and the reference to reactor owners is just a fig leaf.

Holtec's charade was exposed, however, on January 2, 2019, when it sent out a newsletter called "Reprising 2018" to the public. That publication said, "While we

endeavor to create a national monitored retrievable storage location for aggregating used nuclear fuel at reactor sites across the U.S. into one (HI-STORE CISF) to maximize safety and security, its deployment will ultimately depend on the DOE and the U.S. Congress.” This is a clear statement that the intent is for DOE to take title to the waste. Deployment means to initiate. So the Reprising 2018 statement clearly means that Holtec’s intent is not even to initiate the project until Congress changes the law and DOE is allowed to take title.

The foregoing discussion means that Holtec has made a material false statement in its application documents that a possible alternative is for nuclear reactor owners to retain title to the waste. The actual intent all along, however, has been for DOE to take title to the waste. The purpose of including nuclear plant owners was to provide a distraction and a cover up of Holtec’s true intent to have DOE own the waste.

The ASLB said that the “Reprising 2018” statement was not a willful misrepresentation. In saying that, the ASLB was misinterpreting Sierra Club’s contention. It is not the “Reprising 2018” statement that is the materially false statement. It is the claim that Holtec intends for nuclear plant owners to possibly retain title to the waste that is the false statement. The “Reprising 2018” statement reveals the true intent for DOE, and only DOE, to take title to the waste.

The ASLB further said that it would not assume that Holtec would violate the law by contracting with DOE. Sierra Club never accused Holtec of any intent to violate the law. The point is that Holtec is attempting to obtain a license on the false premise that nuclear plant owners will retain title to the waste. Then, once Holtec obtains the license, it

will use that fact as leverage to persuade Congress to change the law to allow DOE to hold title to the waste. More importantly, irrespective of Holtec's intent, a material false statement precludes issuance of a license.

#### **IV. CONCLUSION**

The contentions discussed herein should have been admitted for an evidentiary hearing. At the admissibility stage, a petitioner need not prove its case. It is enough that the petitioner "com[e] forward with factual issues, not merely conclusory statements and vague allegations." *Northeast Nuclear Energy Company*, 53 NRC 22, 27 (2001). The burden of persuasion is on the license applicant, not the petitioner.

Sierra Club respectfully states that the ASLB in this case required more of Sierra Club in supporting its contentions than is required by NRC standards. Sierra Club has presented facts in support of its contentions, has pointed to specific defects in Holtec's documentation, and has cited to applicable statutes, regulations and other authority to support the contentions.

Based on the foregoing, Sierra Club requests that the Commission reverse the decision of the ASLB and admit the above contentions for an evidentiary hearing.

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**CERTIFICATE OF SERVICE**

Pursuant to 10 C.F.R. § 2.305, I certify that, on this date, copies of Sierra Club's Petition For Review Of Atomic Safety and Licensing Board Decision Denying Admissibility Of Contentions In Licensing Proceeding were served upon the Electronic Information Exchange (the NRC's E-Filing System) in the above captioned proceeding.

/s/ *Wallace L. Taylor*

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