

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of:

PRIVATE FUEL STORAGE, LLC
(Independent Spent Fuel
Storage Installation)

)
) Docket No. 72-22-ISFSI
)
) ASLBP No. 97-732-02-ISFSI
)
) January 26, 2000

**DECLARATION OF MICHAEL F. SHEEHAN, Ph.D. IN SUPPORT OF
STATE OF UTAH'S REQUEST FOR ADMISSION OF LATE-FILED
BASES FOR UTAH CONTENTION E**

I, MICHAEL F. SHEEHAN, Ph.D., hereby declare under penalty of perjury and pursuant to 28 U.S.C. § 1746, that:

1. I am the managing partner of Osterberg and Sheehan, Public Utility Economists, a private consulting firm specializing in regulatory policy, economics and finance. My curriculum vitae listing my qualifications, experience, training, and publications has already been filed in this proceeding. *See*, Exhibit 2 of the "State of Utah's Objections and Responses to Applicant's Second Set of Discovery Requests With Respect to Groups II and III Contentions," dated June 28, 1999.
2. I hold B.S., M.A. and Ph.D. degrees in economics from the University of California at Riverside. I have taught project analysis, quantitative economics, and operations research, as well as basic, intermediate, and graduate courses in economic theory and policy at the Graduate School of Administration at the University of California at Riverside; at California State College, San Bernardino; and in the Graduate Program at Chapman College. In 1979 I joined the Graduate Program in Urban and Regional Planning at the University of Iowa, where I taught courses in environmental policy and planning, public utility policy and planning, planning economics, local energy planning, and state and local development finance. I have published a substantial number of articles in scholarly journals and a number of chapters in books.
3. Much of my practice over the last twenty years has been involved with the economics and finance of project planning and regulation. This has included high and low level radioactive waste issues in the west and midwest, the economics of

power supply in the event of early closure of nuclear plants, financial qualifications and other issues in the context of the nuclear fuel enrichment, and uranium mining involving issues of financial qualification, cost-benefit analysis and NEPA. In addition, I have testified before public service commissions in more than a dozen different states on utility planning, rate design, cost allocation, and other aspects of utility regulation.

4. From about 1982 I have been involved in several studies involving the economics of utility franchises. I was a member of the Iowa City, Iowa Franchise Review Committee in 1983-4, and I am co-author of an article in the *Urban Lawyer* on utility franchise fees. I have been an economic consultant on issues related to municipal solid waste disposal to METRO, the regional government for the three counties around Portland, Oregon, and I am currently chairman of the Solid Waste Advisory Committee for Columbia County, Oregon. I have served on the Rate Advisory Committee and the Resource Acquisition Council of the Columbia River PUD, the Research Advisory Committee of NRRRI and the National Consumer Advisory Panel to AT&T.
5. I am familiar with the circumstances and materials in this case generally, and specifically as they relate to financial assurance and Contention E. I am familiar with PFS's License Application in this proceeding. I am also familiar with and have reviewed the documents that PFS has provided to the State of Utah concerning Utah Contention E, PFS's responses to Discovery Requests submitted by the State, PFS's responses to the NRC Staff's Requests for Additional Information, NRC Staff's Position Concerning Contention E, PFS's Motion for Partial Summary Disposition of Utah Contention E, and the Staff's Response to the Applicant's Motion for Partial Summary Disposition of Utah Contention E. I am also familiar with the NRC Staff's original and reissued Safety Evaluation Report, Chapter 17 - Financial Qualifications and Decommissioning Funding.
6. In a declaration ("Sheehan Dec."), filed in support of the State of Utah's Response to Applicant's Motion for Partial Summary Disposition of Utah Contention E and Confederated Tribes Contention F, I evaluate two funding commitments proposed by PFS to demonstrate financial assurance. The analyses of the inadequacies of the Applicant's funding commitments and of the financial assurance requirements of 10 CFR § 72.22(e) apply equally to this Request. See Sheehan Dec. ¶¶ 7 through 23.
7. I assisted in the preparation of the State of Utah's Request for Admission of Late-Filed Bases to Contention E, filed on January 26, 2000.

8. The proposed license conditions do not assure that the PFS will be financially qualified at the time the license is issued in that it either possesses the necessary funds, or has reasonable assurance of obtaining the necessary funds to cover estimated construction costs, estimated operating costs over the planned life of the ISFSI, and estimated decommissioning costs as required by 10 C.F.R. §§ 72.22(e) and 72.40(a)(6). *See* Sheehan Dec. at ¶¶ 9-23.
9. The proposed license conditions do not provide adequate standards or procedures in which to judge the Applicant's ability to meet the financial assurance requirements of 10 C.F.R. §§ 72.22(e). *See* Sheehan Dec. at ¶¶ 7-9.
10. If Bases 11, 12, or 13 are admitted, I am prepared to provide expert testimony regarding these matters. I expect that my testimony would follow the general outline of the statements in Sheehan Dec. and Sheehan Supp. Dec. In addition, I would provide additional analyses on information received through discovery.

DATED this January 26, 2000.

Michael F. Sheehan, Ph.D.

8. The proposed license conditions do not assure that the PFS will be financially qualified at the time the license is issued in that it either possesses the necessary funds, or has reasonable assurance of obtaining the necessary funds to cover estimated construction costs, estimated operating costs over the planned life of the ISFSI, and estimated decommissioning costs as required by 10 C.F.R. §§ 72.22(e) and 72.40(a)(6). *See Sheehan Dec. at ¶¶ 9-23.*
9. The proposed license conditions do not provide adequate standards or procedures in which to judge the Applicant's ability to meet the financial assurance requirements of 10 C.F.R. §§ 72.22(e). *See Sheehan Dec. at ¶¶ 7-9.*
10. If Bases 11, 12, or 13 are admitted, I am prepared to provide expert testimony regarding these matters. I expect that my testimony would follow the general outline of the statements in Sheehan Dec. and Sheehan Supp. Dec. In addition, I would provide additional analyses on information received through discovery.

DATED this January 26, 2000.


Michael F. Sheehan, Ph.D.