

Private Fuel Storage, LLC

P.O. Box C4010, La Crosse, WI 54602-4010
John D. Parkyn, Chairman of the Board

September 15, 1998

Director
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

SUPPLEMENTAL RESPONSE TO RAIs
PRIVATE FUEL STORAGE FACILITY
DOCKET NO. 72-22 / TAC NO. L22462
PRIVATE FUEL STORAGE L.L.C.

- References:
- 1) NRC Letter, Delligatti to Parkyn, Request for Additional Information, dated April 1, 1998
 - 2) PFSLLC Letter, Parkyn to Director, Office of Material Safety and Safeguards, Response to Request for Additional Information, dated April 29, 1998
 - 3) PFSLLC Letter, Parkyn to Director, Office of Material Safety and Safeguards, Responses to Request for Additional Information, dated May 19, 1998
 - 4) PFSLLC Letter, Parkyn to Director, Office of Material Safety and Safeguards, Proprietary Responses to Request for Additional Information, dated May 19, 1998
 - 5) PFSLLC Letter, Parkyn to Director, Office of Material Safety and Safeguards, Supplemental Responses to Request for Additional Information, dated June 15, 1998
 - 6) PFSLLC Letter, Parkyn to Director, Office of Material Safety and Safeguards, Response to Request for Additional Information LA 106, dated June 18, 1998

Please find enclosed Private Fuel Storage responses (original plus 15 copies) to the NRC Request for Additional Information (Reference 1) for those responses scheduled for September 15, 1998 in accordance with Reference 2. These responses supplement the information provided in References 3, 4, 5 and 6.

The enclosed responses contain proprietary information which PFS requests the NRC to withhold from public disclosure pursuant to 10 CFR § 2.790. The enclosed Affidavit provides PFS' reasons for requesting that the NRC treat the enclosed material as proprietary in accordance with 10 CFR § 2.790. Redacted versions of the responses are also included which can be made publicly available.

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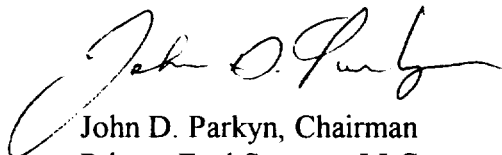
Director, Office of Nuclear Material Safety and Safeguards

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If you have any questions regarding this response, please contact me at 608-787-1236 or our Project Director, John Donnell, at 303-741-7009.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John D. Parkyn". The signature is fluid and cursive, with a large initial "J" and a long horizontal stroke at the end.

John D. Parkyn, Chairman
Private Fuel Storage, LLC

JDP:cls

Enclosures

cc: Mr. Leon Bear
Ms. Denise Chancellor
Mr. Mark Delligatti
Dr. Diane Nielson
Mr. Jay Silberg

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

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

Affidavit of John D. Parkyn
Pursuant to 10 CFR § 2.790

CITY OF LA CROSSE)	
)	SS:
STATE OF WISCONSIN)	

John D. Parkyn, being duly sworn, states as follows:

1. I am Chairman of the Board of Private Fuel Storage L.L.C. ("PFS"), a limited liability company organized and existing under the laws of the State of Delaware with its principle office currently located in La Crosse, Wisconsin. In that capacity, I am responsible for the operational and managerial matters of PFS.

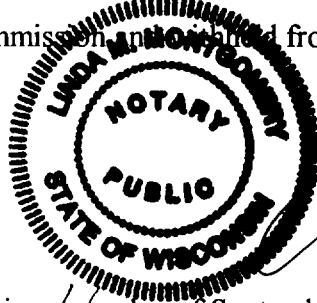
2. PFS is filing with the NRC a supplemental response to a Request for Additional Information, dated April 1, 1998 (TAC NO. L22462) regarding PFS' application for a license to construct and operate an independent spent fuel storage installation on the reservation of the Skull Valley Band of Goshute Indians. Some of the information contained in PFS' supplemental response is sensitive proprietary commercial and financial information that could cause great harm to PFS if it were made publicly available. Accordingly, PFS requests the NRC to withhold this information, developed and owned by PFS, from public disclosure pursuant to 10 CFR § 2.790 of its regulations. This affidavit supplies the reasons why this information should be withheld from public disclosure as required by the regulation.

3. The complete unredacted version of PFS' supplemental response containing the sensitive, proprietary commercial and financial information for which PFS requests the Commission to treat as proprietary and to withhold from public disclosure is Attachment A to this affidavit. A redacted version of PFS' supplemental response deleting the sensitive, proprietary commercial and financial information is Attachment B to this affidavit. The redacted version in Attachment B can be made publicly available without competitive harm to PFS.

4. I am familiar with the sensitive commercial and financial information contained in PFS' supplemental response in Attachment A to this affidavit. I am authorized to speak to PFS' practice of maintaining such information proprietary and the harm that would befall PFS if it were publicly disclosed.

5. PFS' supplemental response in Attachment A to this affidavit contains sensitive proprietary information concerning the commercial and financial terms of the participation of PFS members in the PFS Limited Liability Company (including a complete copy of the Amended and Restated Limited Liability Company Agreement of Private Fuel Storage) as well as sensitive proprietary information concerning proposed financing arrangements and construction costs for the PFSF and proposed commercial and financial terms for PFS' provision of spent fuel storage services to its customers. This information is information of the type customarily held in confidence by PFS, and this information is so held. PFS does not disclose this type of information to the public and it is not available from public sources. The rational basis for not disclosing this type of information is that the information is commercially sensitive to the conduct of PFS' business, i.e., the development and operation of an independent spent fuel storage facility, and its disclosure to competitors and customers could cause PFS substantial competitive harm. If the information contained in PFS' supplemental response in Attachment A to this affidavit became available to PFS' competitors or customers (both current and potential), those parties would learn of sensitive commercial, cost and financial information which could be used against PFS in the competition for customers or negotiation of contracts for services. Such a result would place PFS at a significant competitive disadvantage in negotiations with potential customers, would provide potential competitors with competitively advantageous information, and cause PFS substantial commercial harm.

6. Accordingly, the information included in PFS' supplemental response attached as Attachment A to this affidavit is being transmitted to the Commission in confidence under the provisions of 10 CFR § 2.790 with the understanding that it will be received and held in confidence by the Commission and not disclosed from public disclosure.



John D. Parkyn

Sworn to before me this 11 day of September 1998.

Linda M. Montgomery
Notary Public

Attachment B

REDACTED VERSION

LICENSE APPLICATION

LA Chapter 1, Section 1-6

- 1-1 Provide the text of the subscription agreement with PFS member utilities showing the terms and schedule for their provision of equity funds for the independent spent storage installation (ISFSI) facility construction, including the contingency for providing additional funds if some of the eight members decide not to participate.

RESPONSE

As set forth in LA Chapter 1, Page 1-5, Step V of the PFSF project concerns construction of the ISFSI. A copy of the form of the Step V Subscription Agreement setting forth its text is attached as Exhibit B to the PFS Amended and Restated Limited Liability Company Agreement (the "PFS Agreement"), which is being provided in response to RAI LA 1-2. The terms and conditions for the provision of equity funds by the PFS members are further set forth in Section 5.03 of the PFS Agreement.

As discussed further below, the PFS financing plan calls for the costs of constructing the PFSF to be funded by the purchasers of storage services, which are expected to include both PFS members and non-members.

The current financial plan calls for PFS members to make an aggregate equity contribution of \$6 million for Step V of the project as set forth in the LA Chapter 1, Page 1-5.¹

¹ The statement at page 80 of Applicant's Answer to Petitioners' Contentions of December 24, 1997 that "the eight members of PFS will make equity contributions of \$6 million each, for a total

REDACTED VERSION

As stated above, the funding of facility construction is expected to be provided by member and non-member purchasers (collectively, the "Customers") of storage services for spent nuclear fuel pursuant to agreements (collectively, the Service Agreements") currently under development by PFS as described more fully in response to RAI LA 1-4. If executed Service Agreements are not sufficient, in the aggregate, to provide the required funding for the construction of an ISFSI, the PFS members will determine the feasibility and desirability of proceeding with construction of the PFSF, including, but not limited to, the use of alternative financing options for obtaining commitments for the necessary construction funds.

PFS will not commence ISFSI construction unless and until it has committed funds sufficient to provide fully for the construction of an ISFSI (including PFS's administrative and operational costs during construction of the project) whether these funds are obtained through equity contributions, through Service Agreements, or through other committed forms of financing described more fully in response to RAI LA 1-4.

of \$48 million for the construction of the PFSF" is incorrect. The "\$6 million in equity contributions . . . planned from PSLLC members pursuant to Subscription Agreements" referred to at Page 1-5 of the LA is an aggregate contribution of the members, not the amount of each individual member's contribution.

REDACTED VERSION

LICENSE APPLICATION

LA Chapter 1, Section 1-4

- 1-2 Provide a list of the eight member utilities which the PFS LA states are the owners of PFS and which are responsible for funding a portion of facility construction, operations, and decommissioning, plus a copy of the limited liability company agreement among them.

RESPONSE

The eight current members of PFS are: Genoa Fuel Tech, Inc., an affiliate of Dairyland Power Cooperative; Illinois Power; Northern States Power Company; Southern California Edison Company; Consolidated Edison Company of New York, Inc.; Indiana Michigan Power Company, an affiliate of American Electric Power; GPU Nuclear Corporation; and Southern Nuclear Operating Company, Inc. [The Amended and Restated Limited Liability Company Agreement of Private Fuel Storage is proprietary and is not being attached to the redacted version of this response.]

Members of PFS which have executed Step V Subscription Agreements will provide funding for the construction, operations and decommissioning costs of the PFSF through (i) payments of funds made pursuant to the Step V Subscription Agreements (which funds will be used as described in the response to RAI LA 1-1 above) and (ii) payments required under Service Agreements executed by PFS members as Customers and purchasers of spent fuel storage services provided by PFS. As explained in response to RAI LA 1-1, the costs of constructing the PFSF are expected to be funded by payments from Customers under the Service Agreements due and payable after the granting of the NRC license. Additionally, all PFS Customers will be obligated under the Service Agreements to pay to PFS an annual aggregate amount sufficient to fund PFS's operational expenses that are not funded by the capital contributions of the PFS members. See Response to RAI LA 1-5 for a further discussion of PFS's operational costs after construction of the PFSF.

Decommissioning costs for the PFSF will also be funded by all PFS Customers from payments due and payable under the Service Agreements. Each Customer will be required to pay its full pro rata portion of the aggregate amount of the

REDACTED VERSION

estimated decommissioning cost for the PFSF based on the amount of storage capacity reserved by such Customer under its Service Agreement. See Response to RAI LA 1-6 for a description of the current cost estimate for decommissioning the PFSF. Adjustments to the aggregate amount of the decommissioning costs will subsequently be made as necessary to reflect revised estimates. See Response to RAI LA 1-8. Customers will be obligated under the Service Agreements to pay their pro rata portions of any subsequent increase to the cost estimate for decommissioning the PFSF resulting from such adjustments. See also Response to RAI LA 1-7 for a description of the letter of credit to be provided to assure decommissioning funding.

REDACTED VERSION

LICENSE APPLICATION


LA Chapter 1, Section 1-6

- 1-4 Provide the PFS financing plan and the text of the service agreement with customers, which together should show:
- (a) The customer charge to fund the non-equity portion of facility construction and the terms and schedule for payment to PFS
 - (b) The plan for debt financing which PFS would use to finance the non-equity portion of construction if PFS chooses this option in whole or in part (debt financing is referred to on page 1-6 of the LA).

RESPONSE

- (a) As set forth in the response to RAI LA 1-1, each Customer will fund its pro rata portion of constructing the PFSF through payments made under Service Agreements. The final form of the Service Agreements is currently under development by PFS. The text of the appropriate provision in the Service Agreement in respect of the commitment to fund a portion of the ISFSI construction costs will be as follows:

REDACTED VERSION



If executed Service Agreements are not sufficient, in the aggregate, to provide the required funding of the construction costs of an ISFSI, PFS will pursue alternative financing options.

One such option is commercial bank financing. PFS will approach various lending institutions, including banks with which PFS or its members have existing relationships and other large regional banks. PFS will attempt to obtain such financing with the most favorable interest rates and other terms then available. Such financing is expected to be secured by mortgages, assignments of Service Agreements and other contracts and security interests in other project-related assets.

PFS may also pursue financing through the issuance of bonds. PFS will approach investors in the capital markets with the assistance of nationally-recognized financial advisors with experience in similar transactions.

If neither of the options described above are sufficient to provide the required financing, PFS will approach its members for additional equity or company guarantees of PFS debt to provide credit support.

As stated in the response to RAI LA 1-1, PFS will not commence ISFSI construction unless and until it has committed funds sufficient to provide fully for the construction of an ISFSI (including PFS's administrative and operational costs during construction of the project), whether these funds are obtained through equity contributions, through Service Agreements or through committed financing as described above.

REDACTED VERSION