

FINANCIAL ASSURANCES

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U.S. Ecology is a full service waste management company. The company operates two of the nation's three existing low-level radioactive waste (LLRW) disposal facilities and has prepared and submitted license applications for two new LLRW disposal facilities in California and Nebraska.

The issue of financial assurances is an important aspect of site development and operation. Proper financial assurances help to insure that uninterrupted operation, closure and monitoring of a facility will be maintained throughout the project's life. Unfortunately, this aspect of licensing is not like others where you can gauge acceptance by examining approved computer codes, site performance standards or applying specific technical formulas. There is not a standard financial assurance plan. Each site should develop its requirements based upon the conditions of the site, type of design, existing state or federal controls, and realistic assessments of future financial needs.

Financial assurances at U.S. Ecology's existing sites in Richland, Washington, and Beatty, Nevada, have been in place for several years and are accomplished in a variety of ways by the use of corporate guarantees, corporate capital funds, third party liability insurance, and post closure/long-term care funds.

In addressing financial assurances, one can divide the issue into three areas:

- Site development/operations,
- Third party damages,
- Long-term care/clean-up.

With respect to site construction and operation, we have an operations budget that is covered by revenues off the site.

As part of the budget, monies are set aside to cover routine and non-routine maintenance and accidents. Despite the gloom and doom predictions of those who are unfamiliar with LLRW site operations, the financial liability during the operational phase of a facility is really quite small. It is very unlikely that you would see financial needs above \$25,000 for clean-up operations. Acute problems such as a breached container can be handled effectively and completely with minimal cost or long-term hazard. This is even truer of new facilities such as the one being built in Nebraska which is an above-grade system. Here the disposal units serve as long-term storage units until the final closure cap is applied.

Financial assurances for third party damages during operation is provided by site nuclear liability insurance through the American Nuclear Insurers Insurance Pool. We have \$10 million policies at our existing sites. Given the desert environment of these sites and the surrounding land uses in the region, this coverage is probably more than adequate. Additional reliance upon insurance may be considered depending upon local legislative controls, site designs and locations. However, let me caution you to be realistic. It is easy to try and set an arbitrary insurance coverage limit. That limit, however, may or may not be commercially available. Further legislative actions presumably to "protect" state interests, such as rebuttable presumption clauses, may have just the opposite effect by making third party insurance impossible to obtain.

The greatest risk, and therefore the greatest focus, of a financial assurance plan resides in proper site closure and long-term maintenance. At U.S. Ecology's Richland and Beatty facilities, special funds for closure and maintenance have been established by imposing surcharges on wastes received at the site for disposal.

At Beatty, the long-term care and closure fund being imposed by the State of Nevada is presently set at \$3-5 million. This is collected by means of a \$4.50 per cubic foot surcharge on wastes. As of March, 1990, the closure fund consisted of approximately \$3-1/2 million.

For the Richland site, closure and long-term care requirements are presently estimated at \$25 million. This fund is collected through a \$1.75 per cubic foot/long-term care surcharge, a \$1.53 per cubic foot surveillance surcharge and a 16-1/2% tax. As of March 1990, these funds totalled approximately \$20 million.

The needs and requirements for these funds undergo regular periods review by both U.S. Ecology and the state regulatory bodies. Appropriate adjustments are made where necessary.

Establishing long-term care fund requirements for our new sites are still being discussed and should come about as part of the license application review. Given the fact that new sites have become more political and that there is a general overestimation of risk and hazard, I would expect new site fund requirements will include greater contingency funds. Again, I urge caution in the development of these funds. You want to be sure that you are realistic and take into consideration site conditions, new designs and development safeguards built into the systems.

In summary, financial assurances need to be developed to properly protect state and public interests. The primary focus of these assurances should be on long-term care and maintenance funds since these are the greatest liability risks.

In developing assurances we all need to be realistic and tailor the needs to facility designs, in place legislative protections and assessment of the sites performance. The development of unrealistic conditions may actually increase state and public levels of financial risk rather than diminish them.