



**Pacific Gas and
Electric Company**

Lawrence F. Womack
Vice President
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Diablo Canyon Power Plant
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November 5, 2001

PG&E Letter DIL-01-001

Mr. James Caruso
County of San Luis Obispo
Planning and Building Department
County Government Center
San Luis Obispo, CA 93408

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50-323

Coastal Development Permit Application for the Diablo Canyon Independent Spent
Fuel Storage Installation

Dear Mr. Caruso:

Pacific Gas and Electric (PG&E) is proposing to construct an Independent Spent Fuel Storage Installation (ISFSI) at the Diablo Canyon Power Plant (DCPP). Construction of an ISFSI at Diablo Canyon is part of PG&E's plan to provide interim storage capacity for spent fuel⁽¹⁾ generated by DCPP through the remainder of the plant operating licenses. A permanent repository mandated by the federal Nuclear Waste Policy Act is not yet available and is not expected to be available on a schedule to meet DCPP operational needs. The ISFSI that is the subject of this Coastal Development Permit (CDP) Application is required to be operable beginning in 2006. This plan for handling and interim storage of spent fuel meets PG&E's statutory obligations and will allow for continuing operation of DCPP.

The enclosed CDP Application includes a County General Permit application form, project description, and environmental assessment. The intent of the CDP Application is to fully describe the proposed project within its local environmental context, evaluate the environmental impact in accordance with the California Environmental Quality Act, and facilitate review of the proposed project pursuant to discussions between PG&E and the County during the preapplication meeting. The CDP Application demonstrates that the Diablo Canyon ISFSI is consistent with the County of San Luis Obispo General Plan and has no significant environmental impacts.

The Diablo Canyon ISFSI will use the Holtec dry cask storage system, which has been previously certified by the Nuclear Regulatory Commission (NRC). A federal license application and supporting materials is planned to be submitted to the NRC

⁽¹⁾ "Spent fuel" is also referred to as "used fuel."

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for the Diablo Canyon ISFSI in December 2001. The NRC License Application will demonstrate that the Diablo Canyon ISFSI is designed, built, and operated in a safe manner, has no impact on the operation of the power plant, has no significant environmental impacts, and involves no undue public health and safety risks.

A copy of the NRC License Application, prepared in accordance with NRC requirements and guidance and comprised of a safety analysis report, environmental report, and other associated documents, will be provided to the County of San Luis Obispo when filed with the NRC. The NRC License Application contains information that is incorporated by reference into the CDP Application, and will therefore be needed by reviewers of the CDP.

Production of electric energy using nuclear fission, including the interim storage of spent nuclear fuel, is regulated under the Atomic Energy Act (Act)(42 U.S.C. Section 2011). Under the Act, the Nuclear Regulatory Commission is granted sole and exclusive authority to issue operating licenses and otherwise oversee and regulate licensees to ensure that requirements of the Act, regulations promulgated thereto, and provisions of a plant's operating license are complied with and thereby assure protection of the public health and safety for any radiological hazards and provide for the security and common defense.

PG&E looks forward to working with the County of San Luis Obispo in their review of the CDP Application. Our staff will be available for addressing questions and concerns you may have pertaining to this application.

Sincerely,

Lawrence F. Womack
Vice President Nuclear Services

Enclosure



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cc (w/o enclosure):

Diablo Distribution
Tim Kobetz
David Proulx
Girija Shukla