

SAFETY EVALUATION INPUT BY THE OFFICE OF NUCLEAR REACTOR REGULATION

DIVISION OF REGULATORY IMPROVEMENT PROGRAMS

FINANCIAL REGULATORY ANALYSIS SECTION

REGARDING LICENSE APPLICATION FOR

DIABLO CANYON INDEPENDENT SPENT FUEL STORAGE INSTALLATION

DOCKET NO. 72-26

1.0 INTRODUCTION

In accordance with 10 CFR 72.22, Pacific Gas and Electric Company (PG&E) submitted an application by letter dated December 21, 2001, and supplemented by letter dated June 7, 2002, requesting that the United States Nuclear Regulatory Commission (NRC), consent to a site-specific license for an Independent Spent Fuel Storage Installation (ISFSI).

2.0 BACKGROUND

An ISFSI at Diablo Canyon is part of PG&E's plan to provide storage capacity for spent fuel generated by the Diablo Canyon Power Plant (DCPP) through the remainder of the term of the respective NRC operating licenses (DPR 80 and DPR 82). A permanent repository 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 application is required beginning in 2006.

DCPP consists of two nuclear generating units, essentially identical pressurized water reactors, each rated at 1,100 Mwe. The spent fuel pool for each unit has sufficient capacity for the storage of 1,324 fuel assemblies. Each reactor core contains 193 fuel assemblies, and both units are currently operating on 18 to 24 month refueling cycles. Typically, 76 to 96 spent fuel assemblies are permanently discharged from each unit after refueling. Each unit has operated for 10 fuel cycles and each is presently operating in its 11th fuel cycle. Based on the existing inventory and the expected generation of spent fuel, each spent fuel pool can accommodate the concurrent storage of a full core of irradiated fuel and the anticipated quantity of spent fuel generated from prior refueling operations until 2006.

On April 6, 2001, PG&E filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Presently, PG&E is an electric utility subject to rates established by the California Public Utility Commission.

3.0 EVALUATION

This information includes, but is not limited to, the names, addresses, and citizenship of its directors and principal officers, estimated construction costs, estimated operating costs over the life of the ISFSI, and the estimated decommissioning costs and necessary financial arrangements to provide reasonable financial assurance. PG&E states that estimated construction costs for the facility is to be approximately \$63 million. PG&E also states that estimated operating costs for the facility from 2006 to 2040 is \$176 million. PG&E further states that the estimated decommissioning costs for the facility is to be between \$12.5 million and \$13.9 million. These estimates include the procurement of storage casts and canisters, and assume 50 storage casts are loaded to maintain capacity in the spent fuel pool for full offload capability until the end of the DCPD license terms. The costs to completely offload the spent fuel pools, an additional 88 storage casts, and to operate the ISFSI from 2026 to 2040, are included in the estimates. PSE&G's contract with Holtec related to the ISFSI, including the dry cask storage system, has been approved by the Bankruptcy Court. The application states that "both capital expenditures and operation and maintenance costs will be covered by revenues derived from electric rates." The staff finds that the December 21, 2001, request combined with the subsequent June 7, 2002, submittal contains all the financial information required by 10 CFR 72.22 towards the application for a site-specific license for an ISFSI at Diablo Canyon.

4.0 CONCLUSION

Based on the aforementioned discussion, the staff finds that PG&E's License Application for the Diablo Canyon Independent Spent Fuel Storage Installation conforms to the requirements of 10 CFR 72.22. The staff notes that the decommissioning cost estimate for the ISFSI is not part of the minimum decommissioning cost estimate prescribed by 10 CFR 50.75(c) for the eventual decommissioning of the Diablo Canyon Power Plant.

Staff further notes that on September 20, 2001, PG&E filed with the Bankruptcy Court a comprehensive plan for reorganization for PG&E. On November 30, 2001, PG&E filed with the NRC a request for NRC consent to a transfer, under 10 CFR 50.80, of the Diablo Canyon Power Plant operating and ownership licenses. Under the proposed Bankruptcy Plan, the ISFSI may be transferred to another entity. The staff notes that the potential transfer of the Diablo Canyon ISFSI due to bankruptcy proceedings, or for any other reason, may require that PG&E submit a license transfer application for the ISFSI.

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