



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

September 26, 1988

Docket Nos. 50-275  
and 50-323

Mr. J. D. Shiffer, Vice President  
Nuclear Power Generation  
c/o Nuclear Power Generation, Licensing  
Pacific Gas and Electric Company  
77 Beale Street, Room 1451  
San Francisco, California 94106

Dear Mr. Shiffer:

SUBJECT: DIABLO CANYON NUCLEAR POWER PLANT, UNITS 1 AND 2 - ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT - TEMPORARY EXEMPTION FROM THE SCHEDULAR REQUIREMENTS OF THE PROPERTY INSURANCE RULE EFFECTIVE OCTOBER 4, 1988 (10 CFR 50.54(w)(5)(i))

On August 5, 1987, the NRC published in the Federal Register a final rule amending 10 CFR 50.54(w). The rule increased the amount of on-site property damage insurance required to be carried by NRC's power reactor licensees. The rule also required these licensees to obtain by October 4, 1988 insurance policies that prioritized insurance proceeds for stabilization and decontamination after an accident and provided for payment of proceeds to an independent trustee who would disburse funds for decontamination and cleanup before any other purpose.

Subsequent to publication of the rule, the NRC has been informed by insurers who offer nuclear property insurance that, despite a good faith effort to obtain trustees required by the rule, the decontamination priority and trusteeship provisions will not be able to be incorporated into policies by the time required in the rule. In response to these comments and related petitions for rulemaking, the Commission has proposed a revision of 10 CFR 50.54(w)(5)(i) extending the implementation schedule for 18 months (53 FR 36338, September 19, 1988). However, because it is unlikely that this rulemaking action will be completed by October 4, 1988, the Commission is issuing a temporary exemption from the requirements of 10 CFR 50.54(w)(5)(i) until completion of the pending rulemaking extending the implementation date specified in 10 CFR 50.54(w)(5)(i), but not later than April 1, 1989. Upon completion of such rulemaking, the licensee shall comply with the provisions of such rule.

Enclosed is an Environmental Assessment and Finding of No Significant Impact relating to a temporary exemption from 10 CFR 50.54(w)(5)(i) for the Diablo Canyon Nuclear Power Plant, Units 1 and 2.

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This assessment is being forwarded to the Office of Federal Register for publication.

Sincerely,

A handwritten signature in black ink that reads "Harry Rood". The signature is written in a cursive style with a large, prominent "H" and "R".

Harry Rood, Senior Project Manager  
Project Directorate V  
Division of Reactor Projects - III,  
IV, V and Special Projects

Enclosure: Environmental Assessment

cc w/enclosure:  
See next page

This assessment is being forwarded to the Office of Federal Register for publication.

Sincerely,  
original signed by

Harry Rood, Senior Project Manager  
Project Directorate V  
Division of Reactor Projects - III,  
IV, V and Special Projects

Enclosure: Environmental Assessment

cc w/enclosure:  
See next page

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Diablo Canyon

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Docket File 50-275/323  
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UNITED STATES NUCLEAR REGULATORY COMMISSIONPACIFIC GAS AND ELECTRIC COMPANYDIABLO CANYON NUCLEAR POWER PLANTDOCKET NOS. 50-275 AND 50-323ENVIRONMENTAL ASSESSMENT AND FINDING OFNO SIGNIFICANT IMPACTCONCERNING EXEMPTION FROM10 CFR 50.54(w)(5)(i)

The U. S. Nuclear Regulatory Commission (the Commission) is considering issuance of an exemption from the requirements of 10 CFR 50.54(w)(5)(i) to Pacific Gas and Electric Company (the licensee) for the Diablo Canyon Nuclear Power Plant, Units 1 and 2, located at the licensee's site in San Luis Obispo County, California.

ENVIRONMENTAL ASSESSMENTIdentification of Proposed Action:

On August 5, 1987, the NRC published in the FEDERAL REGISTER a final rule amending 10 CFR 50.54(w). The rule increased the amount of on-site property damage insurance required to be carried by NRC's power reactor licensees. The rule also required these licensees to obtain by October 4, 1988 insurance policies that prioritized insurance proceeds for stabilization and decontamination after an accident and provided for payment of proceeds to an independent trustee who would disburse funds for decontamination and cleanup before any other purpose. Subsequent to publication of the rule, the NRC has been informed by insurers who offer nuclear property insurance that, despite a good faith effort to obtain trustees required by the rule, the decontamination priority and trusteeship

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provisions will not be able to be incorporated into policies by the time required in the rule. In response to these comments and related petitions for rulemaking, the Commission has proposed a revision of 10 CFR 50.54(w)(5)(i) extending the implementation schedule for 18 months (53 FR 36338, September 19, 1988). However, because it is unlikely that this rulemaking action will be effective by October 4, 1988, the Commission is issuing a temporary exemption from the requirements of 10 CFR 50.54(w)(5)(i) until completion of the pending rulemaking extending the implementation date specified in 10 CFR 50.54(w)(5)(i), but not later than April 1, 1989. Upon completion of such rulemaking, the licensee shall comply with the provisions of such rule.

The Need for The Proposed Action:

The exemption is needed because insurance complying with requirements of 10 CFR 50.54(w)(5)(i) is unavailable and because the temporary delay in implementation allowed by the exemption and associated rulemaking action will permit the Commission to reconsider on its merits the trusteeship provision of 10 CFR 50.54(w)(4).

Environmental Impacts of the Proposed Action:

With respect to radiological impacts on the environment, the proposed exemption does not in any way affect the operation of licensed facilities. Further, as noted by the Commission in the Supplementary Information accompanying the proposed rule, there are several reasons for concluding that delaying for a reasonable time the implementation of the stabilization and decontamination priority and trusteeship provisions of Section 50.54(w) will not adversely affect protection of public health and safety. First, during the



period of delay, the licensee will still be required to carry \$1.06 billion insurance. This is a substantial amount of coverage that provides a significant financial cushion to licensees to decontaminate and clean up after an accident even without the prioritization and trusteeship provisions. Second, nearly 75% of the required coverage already is prioritized under the decontamination liability and excess property insurance language of the Nuclear Electric Insurance Limited-II policies. Finally, there is only an extremely small probability of a serious accident occurring during the exemption period. Even if a serious accident giving rise to substantial insurance claims were to occur, NRC would be able to take appropriate enforcement action to assure adequate cleanup to protect public health and safety and the environment.

The proposed exemption does not affect radiological or nonradiological effluents from the site and has no other nonradiological impacts.

Alternatives to the Proposed Action:

It has been concluded that there is no measurable impact associated with the proposed exemption; any alternatives to the exemption will have either no environmental impact or greater environmental impact.

Alternative Use of Resources:

This action does not involve the use of any resources beyond the scope of resources used during normal plant operation.

Agencies and Persons Consulted:

The staff did not consult other agencies or persons in connection with the proposed exemption.

FINDING OF NO SIGNIFICANT IMPACT

Based upon the foregoing environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed exemption.

For information concerning this action, see the proposed rule (53 FR 36338), and the exemption which is being processed concurrent with this notice. A copy of the exemption will be available for public inspection at the Commission's Public Document Room, 2120 L Street, NW, Washington, D.C., and at the California Polytechnic State University Library, Government Documents and Maps Department, San Luis Obispo, California.

Dated at Rockville, Maryland this 26th day of September, 1988.

FOR THE NUCLEAR REGULATORY COMMISSION



Harry Rood, Acting Director  
Project Directorate V  
Division of Reactor Projects - III,  
IV, V and Special Projects  
Office of Nuclear Reactor Regulation