August 26, 1985

Docket No.: 50-323

Mr. J. O. 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

SEE TECH SPECS & SER

Dear Mr. Shiffer:

SUBJECT: DIABLO CANYON NUCLEAR POWER PLANT, UNIT 2 - ISSUANCE OF FACILITY OPERATING LICENSE DPR-82

The U.S. Nuclear Regulatory Commission has issued the enclosed Facility Operating License No. DPR-82 to the Pacific Gas & Electric Company for the Diablo Canyon Nuclear Power Plant, Unit 2, located in San Luis Obispo County, California. Based upon findings of the Commission as reflected in the enclosed license and the favorable vote by the Commission, License No. DPR-82 authorizes operation of the Diablo Canyon Nuclear Power Plant, Unit 2, at reactor core power levels not in excess of 3411 megawatts thermal (100% rated power). Also enclosed is a copy of a related Federal Register notice which has been forwarded to the Office of the Federal Register for publication.

Pursuant to approval by the Nuclear Regulatory Commission at a meeting held on August 1, 1985, the license for fuel loading and low power testing, License No. DPR-81 issued on April 26, 1985, is superseded by Facility Operating License No. DPR-82.

Enclosed for your information are two copies of Supplement No. 32 to the Safety Evaluation Report for Diablo Canyon. This supplement supports issuance of the full power license. Additional copies of Supplement No. 32 will be forwarded to you under separate cover.

Two signed originals of Amendment No. 9 to Indemnity Agreement No. B-75 which covers the activities authorized under License No. DPR-82 are also enclosed. Please sign both copies and return one copy to this office.

Sincerely,

Original Signed By
Thomas M. Novak

for Hugh L. Thompson, Jr., Director
Division of Licensing
Office of Nuclear Reactor Regulation

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Enclosures:
1. Facility Operating License No. DPR-82
2. Federal Register Notice NUREG-0675
3. Supplement 32 to
4. Amendment No. 9 to Indemnity Agreement B-75

cc: See next page
*Previously concurred:

DL:LB#3	DL:LB#3	OELD	DL:LB#3	DSP	DE
*JLee/yt	*HSchierling	*LChandler	*GWKnighton	*JSaltzman	*AToalston
7/18/85	7/18/85	7/25/85	7/26/85	7/31/85	7/20/85
OELD	DL:AD/L	DL:DIR	NRR	NRR	
*JRutberg	*TMNovak	HLThompson	DGEisenhut	HRDenton	
7/30/85	8/08/85	8/26/85	8/ /85	8/26/85	

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

PACIFIC GAS AND ELECTRIC COMPANY

DIABLO CANYON NUCLEAR POWER PLANT, UNIT 2

DOCKET NO. 50-323

FACILITY OPERATING LICENSE

License No. DPR-82

1. The Nuclear Regulatory Commission (the Commission) has found that:

   A. The application for licenses by Pacific Gas and Electric Company (PG&E) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;

   B. Construction of the Diablo Canyon Nuclear Power Plant, Unit 2 (the facility), has been substantially completed in conformity with Provisional Construction Permit No. CPPR-69 and the application, as amended, the provisions of the Act, and the regulations of the Commission;

   C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission, except as exempted from compliance in Section 2.D below;

   D. There is reasonable assurance (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the regulations of the Commission set forth in 10 CFR Chapter I, except as exempted from compliance in Section 2.D below;

   E. The Pacific Gas and Electric Company is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

   F. The Pacific Gas and Electric Company has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;

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G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;

H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. DPR-82, subject to the conditions for protection of the environment set forth herein, is in accordance with applicable Commission regulations governing environmental reviews (10 CFR Part 50, Appendix D and 10 CFR Part 51) and all applicable requirements have been satisfied; and

I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.

2. Pursuant to approval by the Nuclear Regulatory Commission in its Memorandum and Order (CLI-85-14) dated August 1, 1985, the license for fuel loading and low power testing, Facility Operating License No. DPR-81, issued on April 26, 1985, is superseded by Facility Operating License No. DPR-82, hereby issued to Pacific Gas and Electric Company to read as follows:

A. This License applies to the Diablo Canyon Nuclear Power Plant, Unit 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by PG&E. The facility is located in San Luis Obispo County, California, and is described in PG&E's Final Safety Analysis Report as supplemented and amended, and the Environmental Report as supplemented and amended.

B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses the Pacific Gas and Electric Company:

(1) Pursuant to Section 104(b) of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities", to possess, use, and operate the facility at the designated location in San Luis Obispo County, California, in accordance with the procedures and limitations set forth in this license;

(2) Pursuant to the Act and 10 CFR Part 70, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;

(3) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

(4) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

(5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

C. This License shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

The Pacific Gas and Electric Company is authorized to operate the facility at reactor core power levels not in excess of 3411 megawatts thermal (100% rated power) in accordance with the conditions specified herein.

(2) Technical Specifications (SSER 32, Section 8)* and Environmental Protection Plan

The Technical Specifications contained in Appendix A and the Environmental Protection Plan contained in Appendix B, both of which are attached hereto, are hereby incorporated in this license. PG&E shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Initial Test Program (SSER 31, Section 4.4.1)

Any changes to the Initial Test Program described in Section 14 of the FSAR made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

*The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

(4) Fire Protection (SSER 31, Section 9.6.1 and SSER 32, Section 10)

a. PG&E shall maintain in effect all provisions of the approved fire protection program as discussed in its Final Safety Analysis Report, in PG&E's December 6, 1984 Appendix R Report, and in the NRC staff's Fire Protection Evaluation in Supplements 8, 9, 13, 23, 27 and 31 to the Diablo Canyon Safety Evaluation Report, subject to provisions b. and c. below.

b. PG&E shall make no change to features of the approved fire protection program which would decrease the level of fire protection in the plant without prior approval of the Commission. To make such a change, PG&E must submit an application for license amendment pursuant to 10 CFR 50.90.

c. PG&E may make changes to features of the approved fire protection program which do not decrease the level of fire protection without prior Commission approval, provided:

(1) such changes do not otherwise involve a change in a license condition or technical specification or result in an unreviewed safety question (see 10 CFR 50.59); and

(2) such changes do not result in failure to carry out the fire protection program approved by the Commission prior to license issuance.

PG&E shall maintain, in an auditable form, a current record of all such changes including an analysis of the effects of the change on the fire protection program and shall make such records available to NRC inspectors upon request. All changes to the approved program made without prior Commission approval shall be reported annually to the Director of the Office of Nuclear Reactor Regulation, together with supporting analyses.

(5) NUREG-0737 Items

Each of the following conditions shall be completed to the satisfaction of the NRC as indicated below. Each condition references the appropriate Section in SER Supplements.

a. I.D.1 Detailed Control Room Design Review (SSER 31, Section 4.13)

PG&E shall comply with the requirements of Supplement 1 to NUREG-0737 for the conduct of a Detailed Control Room Design Review (DCRDR) in accordance with a schedule acceptable to the NRC staff.

b. II.E.4.2 Containment Isolation Dependability (SSER 31, Section 4.21)

PG&E shall limit the 12-inch vacuum/overpressure relief valve opening to less than or equal to 50 degrees.

(6) Emergency Preparedness (SSER 31, Section 4.23.2 and SSER 32, Section 7)

In the event that the NRC finds that the lack of progress in completion of the procedures in the Federal Emergency Management Agency's final rule, 44 CFR Part 350, is an indication that a major substantive problem exists in achieving or maintaining an adequate state of preparedness, the provisions of 10 CFR Section 50.54(s)(2) will apply.

(7) Masonry Walls (SSER 31, Section 4.7)

Prior to start-up following the first refueling outage, PG&E shall (1) evaluate the differences in margins between the staff criteria as set forth in the Standard Review Plan and the criteria used by the licensee, and (2) provide justification acceptable to the staff for those cases where differences exist between the staff's and PG&E's criteria.

(8) Reactor Trip System Reliability - Generic Letter 83-28 (SSER 31, Section 4.8)

PG&E shall submit responses to and implement the requirements of Generic Letter 83-28 on a schedule which is consistent with that given in the PG&E letters dated January 24, and March 13, 1985.

(9) Steam Generator Tube Rupture Analysis (SSER 31, Section 4.25)

Prior to restart following the first refueling outage, PG&E shall submit for NRC review and approval an analysis which demonstrates that the steam generator tube rupture (SGTR) analysis presented in the FSAR is the most severe case with respect to the release of fission products and calculated doses. Consistent with the analytical assumptions, PG&E shall propose all necessary changes to the Technical Specifications (Appendix A) to this license.

(10) Pipeway Structure DE and DDE Analysis (SSER 32, Section 4)

Prior to start-up following the first refueling outage PG&E shall complete a confirmatory analysis for the pipeway structure to further demonstrate the adequacy of the pipeway structure for load combinations that include the design earthquake (DE) and double design earthquake (DDE).

D. Exemption (SSER 31, Section 6.2.6)

An exemption from certain requirements of Appendix J to 10 CFR Part 50 is described in the Office of Nuclear Reactor Regulation's Safety Evaluation Report, Supplement No. 9. This exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. Therefore, this exemption previously granted in Facility Operating License No. DPR-81 pursuant to 10 CFR 50.12 is hereby reaffirmed. The facility will operate, with the exemption authorized, in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission.

E. Physical Protection (SSER 31 and SSER 32)

PG&E shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans, including amendments made pursuant to the authority of 10 CFR 50.54(p) and 10 CFR 50.90. These plans, which contain Safeguards Information as described in 10 CFR 73.21, are entitled: "Diablo Canyon Power Plant Physical Security Plan," with revisions submitted through August 30, 1984; "Diablo Canyon Power Plant Guard Training and Qualification Plan," with revisions submitted through August 29, 1984; and "Diablo Canyon Power Plant Safeguards Contingency Plan," with revisions submitted through August 29, 1984.

F. Antitrust

PG&E shall comply with the antitrust conditions in Appendix C to this license.

G. Reporting

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, the licensee shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System with written followup within thirty days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

PG&E shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Term of License

This License is effective as of the date of issuance and shall expire at midnight on December 9, 2010.

FOR THE NUCLEAR REGULATORY COMMISSION

Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Attachments:
1. Appendix A - Technical Specifications (NUREG-1151)
2. Appendix B - Environmental Protection Plan
3. Appendix C - Antitrust Conditions

Date of Issuance: August 26, 1985

APPENDIX B

TO FACILITY OPERATING LICENSES NOS. DPR-80 AND DPR-82

DIABLO CANYON NUCLEAR GENERATING STATION,

UNITS 1 AND 2

PACIFIC GAS AND ELECTRIC COMPANY
DOCKET NOS. 50-275 and 50-323

ENVIRONMENTAL PROTECTION PLAN
(NON-RADIOLOGICAL)

AUGUST 1985

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DIABLO CANYON NUCLEAR GENERATING STATION
UNIT 1

ENVIRONMENTAL PROTECTION PLAN
(NON-RADIOLOGICAL)
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1.0 Objectives of the Environmental Protection Plan

The Environmental Protection Plan (EPP) is to provide for protection of environmental values during construction and operation of the nuclear facility. The principal objectives of the EPP are as follows:

(1) Verify that the plant is operated in an environmentally acceptable manner, as established by the FES and other NRC environmental impact assessments.

(2) Coordinate NRC requirements and maintain consistency with other Federal, State and local requirements for environmental protection.

(3) Keep NRC informed of the environmental effects of facility construction and operation and of actions taken to control those effects.

Environmental concerns identified in the FES which relate to water quality matters are regulated by way of the licensee's NPDES permit.

2.0 Environmental Protection Issues

The staff identified in the FES-OL dated May 1973 and FES-OL Addendum, dated May 1976 certain environmental issues which required study or license conditions to resolve environmental concerns and to assure adequate protection of the environment during the operation of the Diablo Canyon Nuclear Generating Station Units 1 and 2. On June 12, 1978, the Atomic Safety and Licensing Board issued a partial initial decision in favor of licensing Diablo Canyon Units 1 and 2 subject to certain conditions for the protection of the environment. The conditions needed to resolve these concerns resulting from the environmental impact review are as follows:

2.1 Aquatic Issues

Specific aquatic issues raised by the staff or the hearing board were:

(1) The need to control the release of chlorine and study its effects on marine life (FES-OL Sections 3.5, 5.3, 6.3, 12.3, and 13.3)

(2) The need to study the amount, persistence, and stabilization of foam generated by the discharge of cooling water (FES-OL Addendum Section 5.2, ASLB, p. 97)

(3) The need to confirm that thermal mixing and current patterns occur as predicted and that heat treatment is limited. (FES-OL Section 3.3 and 5.3; Addendum Sections 3.3 and 6.0)

(4) The continuation of preoperational monitoring studies on intertidal and subtidal biota particularly bull kelp and abalone during operation. (FES-OL Sections 3.5 and 6.0; Addendum Section 5.3 ASLB, p. 98)

(5) The need for special studies to document levels of intake entrainment on eggs and larvae of fish and abalone and impingement on fish and invertebrates. (FES-OL Sections 5.3 and 6.2; Addendum Sections 5.3 and 5.4; ASLB p. 97)

Aquatic issues are now addressed by the effluent limitations, monitoring requirements, thermal effects study and Section 316(b) demonstration requirements contained in the NPDES permit issued by the California Regional Water Quality Control Board. The NPDES permit includes applicable requirements of the State Water Resources Control Board Ocean Plan* and Thermal Plan.** The NRC will rely on this agency for resolution of the issues involving water quality and aquatic biota.

---

*"Ocean Plan" is an abbreviation for the Water Quality Control Plan for Ocean Waters of California.

**"Thermal Plan" is an abbreviation for the Water Quality Control Plan for Control of Temperature in the Coastal and Interstate Waters and Enclosed Bays and Estuaries of California.

2.2 Terrestrial Issues

Specific terrestrial issues raised by the staff or the hearing board were:

(1) A program to assure erosion control within the transmission line corridor. (FES-OL Addendum Section 4.2.2)

This requirement shall be satisfied as follows:

> Conditions and monitoring requirements for the control of erosion within the transmission line right-of-way are specified by the California Public Utilities Decision No. 79726. Nonconformance with the positions of Decision No. 79726 shall be reported to the NRC.

(2) The need for controlled use of herbicides on transmission rights-of-way if they are used. (FES-OL, Section 5.3.1)

(3) The need to preserve a shell midden of archeological significance on the Diablo Canyon Plant site and provide access to the site by local Indians. (ASLB Hearing Transcript, pp. 3424-3442 & pp. 3361-3369)

NRC requirements with regard to these terrestrial issues are specified in Subsection 4.2 of this EPP.

3.0 Consistency Requirements

3.1 Plant Design and Operation

The licensee may make changes in station design or operation or perform tests or experiments affecting the environment provided such changes, tests or experiments do not involve an unreviewed environmental question, and do not involve a change in the Environmental Protection Plan*. Changes in plant design or operation or performance of tests or experiments which do not affect the environment are not subject to the requirements of this EPP. Activities governed by Section 3.3 are not subject to the requirements of this section.

Before engaging in unauthorized construction or operational activities which may affect the environment, the licensee shall prepare and record an environmental evaluation of such activity. When the evaluation indicates that such activity involves an unreviewed environmental question, the licensee shall provide a written evaluation of such activities and obtain prior approval from the Director, Office of Nuclear Reactor Regulation. When such activity involves a change in the Environmental Protection Plan, such activity and change to the Environmental Protection Plan may be implemented only in accordance with an appropriate license amendment as set forth in Section 5.3.

A proposed change, test or experiment shall be deemed to involve an unreviewed environmental question if it concerns (1) a matter which may result in a significant increase in any adverse environmental impact previously evaluated in the final environmental statement (FES) as modified by staff's testimony to the Atomic Safety and Licensing Board, supplements to the FES, environmental impact appraisals, or in any decisions of the Atomic Safety and Licensing Board; or (2) a significant change in effluents or power level or (3) a matter not previously reviewed and evaluated in the documents specified in (1) of this Subsection, which may have a significant adverse environmental impact.

The licensee shall maintain records of changes in facility design or operation and of tests and experiments carried out pursuant to this Subsection. These records shall include a written evaluation which provide bases for the determination that the change, test, or experiment does not involve an unreviewed environmental question nor constitute a decrease in the effectiveness of this EPP to meet the objectives specified in Section 1.0. The licensee shall include as part of his Annual Environmental Operating Report (per Subsection 5.4.1) brief descriptions, analyses, interpretations, and evaluations of such changes, tests and experiments.

*This provision does not relieve the licensee of the requirements of 10 CFR §50.59.

3.2 Reporting Related to the NPDES Permits and State Certifications

Violations of the NPDES Permit or the State certification (pursuant to Section 401 of the Clean Water Act) shall be reported to the NRC by submittal of copies of the reports required by the NPDES Permit or certification. The licensee shall also provide the NRC with copies of the results of the following studies at the same time they are submitted to the permitting agency:

i) Thermal effects study

ii) Section 316(b) Demonstration Study

Changes and additions to the NPDES Permit or the State certification shall be reported to the NRC within 30 days following the date the change is approved. If a permit or certification, in part or in its entirety, is appealed and stayed, the NRC shall be notified within 30 days following the date the stay is granted.

The NRC shall be notified of changes to the effective NPDES Permit proposed by the licensee by providing NRC with a copy of the proposed change at the same time it is submitted to the permitting agency. The licensee shall provide the NRC a copy of the application for renewal of the NPDES permit at the same time the application is submitted to the permitting agency.

3.3 Changes Required for Compliance with Other Environmental Regulations

Changes in plant design or operation and performance of tests or experiments which are required to achieve compliance with other Federal, State, or local environmental regulations are not subject to the requirements of Section 3.1.

4.0 Environmental Conditions

4.1 Unusual or Important Environmental Events

Any occurrence of an unusual or important event that indicates or could result in significant environmental impact causally related to station operation shall be recorded and promptly reported to the NRC within 24 hours by telephone, telegraph, or facsimile transmissions followed by a written report within 30 days, as specified in Subsection 5.4.2. The following are examples: excessive bird impaction events; onsite plant or animal disease outbreaks; mortality or unusual occurrence of any species protected by the Endangered Species Act of 1973; fish kills; increase in nuisance organisms or conditions; and unanticipated or emergency discharge of waste water or chemical substances.

No routine monitoring programs are required to implement this condition.

4.2 Environmental Monitoring

4.2.1 Herbicide Applications

The use of herbicides within the corridor rights-of-way associated with the station shall conform to the approved use of selected herbicides as registered by the Environmental Protection Agency and approved by State authorities and applied as directed by said authorities. Reporting requirements shall apply only during the period of herbicide applications for those corridor rights-of-way associated with the station.

4.2.2 Preservation of Archaeological Resources Requirements

The licensee shall avoid disturbances to the SLO-2 site in accordance with the Archaeological Resources Management Plan submitted to the NRC on April 7, 1980.

Should a disturbance of the SLO-2 site inconsistent with the allowable use of the site under the Archaeological Resources Management Plan be necessary the licensee shall report the planned disturbance to the NRC in accordance with Subsection 5.4.2..

The licensee shall develop a plan for controlled access by the Chumash Indian Tribe to the SLO-2 site for religious activities, and transmit the plan to appropriate tribal representatives for negotiation. The plan shall provide for reasonable controlled access to the site, taking into account plant-related security and public health and safety constraints. A good-faith effort shall be demonstrated by the licensee to reach agreement with the Chumash Tribe on the plan within one year from the date of license issuance.

5.0 Administrative Procedures

5.1 Review and Audit

The licensee shall provide for review and audit of compliance with the Environmental Protection Plan. The audits shall be conducted independently of the individual or groups responsible for performing the specific activity. A description of the organization structure utilized to achieve the independent review and audit function and results of the audit activities shall be maintained and made available for inspection.

5.2 Records Retention

Records and logs relative to the environmental aspects of plant operation shall be made and retained in a manner convenient for review and inspection. These records and logs shall be made available to NRC on request.

Records of modifications to plant structures, systems and components determined to potentially affect the continued protection of the environment shall be retained for the life of the plant. All other records, data and logs relating to this EPP shall be retained for five years or, where applicable, in accordance with the requirements of other agencies.

5.3 Changes in Environmental Protection Plan

Request for change in the Environmental Protection Plan shall include an assessment of the environmental impact of the proposed change and a supporting justification. Implementation of such changes in the EPP shall not commence prior to NRC approval of the proposed changes in the form of a license amendment incorporating the appropriate revision to the Environmental Protection Plan.

5.4 Plant Reporting Requirements

5.4.1 Routine Reports

An Annual Environmental Operating Report describing implementation of this EPP for the previous year shall be submitted to the NRC prior to May 1 of each year. The initial report shall be submitted prior to May 1 of the year following issuance of the operating license. The period of the first report shall begin with the date of issuance of the operating license.

The report shall include summaries and analyses of the results of the environmental protection activities required by Subsection 4.2 of this Environmental Protection Plan for the report period, including a comparison with preoperational studies, operational controls (as appropriate), and previous non-radiological environmental monitoring reports, and an assessment of the observed impacts of the plant operation on the environment. If harmful effects or evidence of trends towards irreversible damage to the environment are observed, the licensee shall provide a detailed analysis of the data and a proposed course of action to alleviate the problem.

The Annual Environmental Operating Report shall also include:

(a) A list of EPP noncompliances and the corrective actions taken to remedy them.

(b) A list of all changes in station design or operation, tests, and experiments made in accordance with Subsection 3.1 which involved a potentially significant unreviewed environmental issue.

(c) A list of nonroutine reports submitted in accordance with Subsection 5.4.2.

In the event that some results are not available by the report due date, the report shall be submitted noting and explaining the missing results. The missing data shall be submitted as soon as possible in a supplementary report.

5.4.2 Nonroutine Reports

A written report shall be submitted to the NRC within 30 days of occurrence of nonroutine event. The report shall (a) describe, analyze, and evaluate the event, including extent and magnitude of the impact and plant operating characteristics, (b) describe the probable cause of the event, (c) indicate the action taken to correct the reported event, (d) indicate the corrective action taken to preclude repetition of the event and to prevent similar occurrences involving similar components or systems, and (e) indicate the agencies notified and their preliminary responses.

Events reportable under this subsection which also require reports to other Federal, State or local agencies shall be reported in accordance with those reporting requirements in lieu of the requirements of this subsection. The NRC shall be provided a copy of such report at the same time it is submitted to the other agency.

APPENDIX C

ANTITRUST CONDITIONS

FACILITY OPERATING LICENSE NO. DPR-82

(1) Definitions

a. "Applicant" means Pacific Gas and Electric Company, any successor corporation, or any assignee of this license.

b. "Service Area" means that area within the exterior geographic boundaries of the several areas electrically served at retail, now or in the future, by Applicant, and those areas in Northern and Central California adjacent thereto.

c. "Neighboring Entity" means a financially responsible private or public entity or lawful association thereof owning, contractually controlling or operating, or in good faith proposing to own, to contractually control or to operate facilities for the generation, or transmisison at 60 kilovolts or above, of electric power which meets each of the following criteria: (1) its existing or proposed facilities are or will be technically feasible of direct interconnection with those of Applicant; (2) all or part of its existing or proposed facilities are or will be located within the Service Area; (3) its primary purpose for owning, contractually controlling, or operating generation facilities is to sell in the Service Area the power generated; and (4) it is, or upon commencement of operations will be, a public utility regulated under applicable state law or the Federal Power Act, or exempted from regulation by virtue of the fact that it is a federal, state, municipal or other public entity.

d. "Neighboring Distribution System" means a financially responsible private or public entity which engages, or in good faith proposes to engage, in the distribution of electric power at retail and which meets each of the criteria numbered (1), (2) and (4) in subparagraph "C" above.

e. "Costs" means all capital expenditures, administrative, general, operation and maintenance expenses, taxes, depreciation and costs of capital including a fair and reasonable return on Applicant's investment, which are properly allocable to the particular service or transaction as determined by the regulatory authority having jurisdiction over the particular service or transaction.

f. "Good Utility Practice" means those practices, methods and equipment, including levels of reserves and provisions for contingencies, as modified from time to time, that are commonly used in the Service Area to operate, reliably and safely, electric power facilities to serve a utility's own customers dependably and economically, with due regard for the conservation of natural resources and the protection of the environment of the Service Area, provided such practices, methods and equipment are not unreasonably restrictive.

g. "Firm Power" means that power which is intended to be available to the customer at all times and for which, in order to achieve that degree of availability, adequately installed and spinning reserves and sufficient transmission to move such power and reserves to the load center are provided.

(2) Interconnection

Interconnection agreements negotiated pursuant to these license conditions shall be subject to the following paragraphs "a" through "g":

a. Applicant shall not unreasonably refuse to interconnect and operate normally in parallel with any Neighboring Entity, or to interconnect with any Neighboring Distribution System. Such interconnections shall be consistent with Good Utility Practice.

b. Interconnection shall be at one point unless otherwise agreed by the parties to an interconnection agreement.

Interconnection shall not be limited to lower voltages when higher voltages are preferable from the standpoint of Good Utility Practice and are available from Applicant. Applicant may include in any interconnection agreement provisions that a Neighboring Entity or Neighboring Distribution System maintain the power factor associated with its load at a comparable level to that maintained by Applicant in the same geographic area and use comparable control methods to achieve this objective.

c. Interconnection agreements shall not provide for more extensive facilities or control equipment at the point of interconnection than are required by Good Utility Practice unless the parties mutually agree that particular circumstances warrant special facilities or equipment.

d. The Costs of additional facilities required to provide service at the point of interconnection shall be allocated on the basis of the projected economic benefits for each party from the interconnection after consideration of the various transactions for which the interconnection facilities are to be used, unless otherwise agreed by the parties.

e. An interconnection agreement shall not impose limitations upon the use or resale of capacity and energy sold or exchanged under the agreement except as may be required by Good Utility Practice.

f. An interconnection agreement shall not prohibit any party from entering into other interconnection agreements, but may provide that (1) Applicant receive adequate notice of any additional interconnection arrangement with others, (2) the parties jointly consider and agree upon additional contractual provisions, measures, or equipment, which may be required by Good Utility Practice as a result of the new arrangement, and (3) Applicant may terminate the interconnection agreement if the reliability of its system or service to its customers would be adversely affected by such additional interconnection arrangement.

g. Applicant may include provisions in an interconnection agreement requiring a Neighboring Entity or Neighboring Distribution System to develop with Applicant a coordinated program for underfrequency load shedding and tie separation. Under such programs the parties shall equitably share the interruption or curtailment of customer load.

(3) Reserve Coordination

Interconnection agreements negotiated pursuant to these license conditions shall be subject to the following paragraphs "a" through "e" regarding reserve coordination:

a. Applicant and any Neighboring Entity with which it interconnects shall jointly establish and separately maintain the minimum reserves to be installed or otherwise provided under an interconnection agreement. Unless otherwise mutually agreed upon, reserves shall be expressed as a percentage of estimated firm peak load and the minumum reserve percentage shall be at least equal to Applicant's planned reserve percentage without the interconnection. A Neighboring Entity shall not be required to provide reserves for that portion of its load which it meets through purchases of Firm Power. While different reserve percentages may be specified in various interconnection agreements, no party to an interconnection agreement shall be required to provide a greater reserve percentage than Applicant's planned reserve percentage, except that if the total reserves Applicant must provide to maintain system reliability equal to that existing without a given interconnection arrangement are increased by reason of the new arrangement, then the other party or parties may be required to install or provide additional reserves in the full amount of such increase.

b. Applicant and Neighboring Entities with which it interconnects shall jointly establish and separately maintain the minimum spinning reserves to be provided under an interconnection agreement. Unless otherwise mutually agreed upon, spinning reserves shall be expressed as a percentage of peak load and the minumum spinning reserve percentage shall be at least equal to Applicant's spinning

reserve percentage without the interconnection. A Neighboring Entity shall not be required to provide spinning reserves for that portion of its load which it meets through purchases of Firm Power. While different spinning reserve percentages may be specified in various interconnection agreements, no party to an interconnection agreement shall be required to provide a greater spinning reserve percentage than that which Applicant provides, except that if the total spinning reserves Applicant must provide to maintain system reliability equal to that existing without a given interconnection arrangement are increased by reason of the new arrangement, then the other party or parties may be required to provide additional spinning reserves in the full amount of such increase.

c. Applicant shall offer to sell, on reasonable terms and conditions, including a specified period, capacity to a Neighboring Entity for use as reserves if such capacity is neither needed for Applicant's own system nor contractually committed to others and if the Neighboring Entity will offer to sell, on reasonable terms and conditions, its own such capacity to the Applicant.

d. Applicant may include in any interconnection agreement provisions requiring a Neighboring Entity to compensate Applicant for any reserves Applicant makes available as the result of the failure of such Neighboring Entity to maintain all or any part of the reserves it has agreed to provide in said interconnection agreement.

e. Applicant shall offer to coordinate maintenance schedules with Neighboring Entities interconnected with Applicant and to exchange or sell maintenance capacity and energy when such capacity and energy are available and it is reasonable to do so in accordance with Good Utility Practice.

(4) Emergency Power

Applicant shall sell emergency power to any interconnected Neighboring Entity which maintains the level of minimum reserve agreed upon with Applicant, agrees to use due diligence to correct the emergency and agrees to sell

emergency power to Applicant. Applicant shall engage in such transactions if and when capacity and energy for such transactions are available from its own generating resources, or may be obtained by Applicant from other sources, but only to the extent that it can do so without impairing service to Applicant's retail or wholesale power customers or impairing its ability to discharge prior commitments.

(5) Other Power Exchanges

Should Applicant have on file, or hereafter file, with the Federal Energy Regulatory Commission, agreements or rate schedules providing for the sale and purchase of short-term capacity and energy, limited-term capacity and energy, long-term capacity and energy or economy energy, Applicant shall, on a fair and equitable basis, enter into like or similar agreements with any Neighboring Entity, when such forms of capacity and energy are available, recognizing that past experience, different economic conditions and Good Utility Practice may justify different rates, terms and conditions. Applicant shall respond promptly to inquiries of Neighboring Entities concerning the availability of such forms of capacity and energy from its system.

(6) Wholesale Power Sales

Upon request, Applicant shall offer to sell firm, full or partial requirements power for a specified period to an interconnected Neighboring Entity or Neighboring Distribution System under a contract with reasonable terms and conditions including provisions which permit Applicant to recover its costs. Such wholesale power sales must be consistent with Good Utility Practice. Applicant shall not be required to sell Firm Power at wholesale if it does not have available sufficient generation or transmission to supply the requested service or if the sale would impair service to its retail customers or its ability to discharge prior commitments.

(7) Transmission Services

a. Applicant shall transmit power pursuant to interconnection agreements, with provisions which are appropriate to the requested transaction and which are consistent with these license conditions. Except as listed below, such service shall be provided (1) between two or among more than two Neighboring Entities or sections of a Neighboring Entity's system which are geographically separated, with which, now or in the future, Applicant is interconnected, (2) between a Neighboring Entity with which, now or in the future, it is interconnected and one or more Neighboring Distribution Systems with which, now or in the future, it is interconnected and (3) between any Neighboring Entity or Neighboring Distribution System(s) and the Applicant's point of direct interconnection with any other electric system engaging in bulk power supply outside the area then electrically served at retail by Applicant. Applicant shall not be required by this Section to transmit power (1) from a hydroelectric facility the ownership of which has been involuntarily transferred from Applicant or (2) from a Neighboring Entity for sale to any electric system located outside the exterior geographic boundaries of the several areas then electrically served at retail by Applicant if any other Neighboring Entity, Neighboring Distribution System, or Applicant wishes to purchase such power at an equivalent price for use within set areas. Any Neighboring Entity or Neighboring Distribution System(s) requesting transmission service shall give reasonable advance notice to Applicant of its schedule and requirements. Applicant shall not be required by this Section to provide transmission service if the proposed transaction would be inconsistent with Good Utility Practice or if the necessary transmission facilities are committed at the time of the request to be fully-loaded during the period of which service is requested, or have been previously reserved by Applicant for emergency purposes, loop flow, or other uses consistent with Good Utility Practice; provided, that with respect to the Pacific Northwest-Southwest Intertie, Applicant shall not be required by this Section to provide the requested transmission service if it would impair Applicant's own use of this facility consistent with Bonneville Project Act, (50 Stat. 731, August 20, 1937), Pacific Northwest Power Marketing Act (78 Stat. 756, August 31, 1964) and the Public Works Appropriations Act, 1965 (78 Stat. 682, August 30, 1964).

b. Applicant shall include in its planning and construction programs, such increases in its transmission capacity or such additional transmission facilities as may be required for the transactions referred to in paragraph (a) of this Section, provided any Neighboring Entity or Neighboring Distribution System gives Applicant sufficient advance notice as may be necessary to accommodate its requirements from a regulatory and technical standpoint and provided further that the entity requesting transmission services compensates Applicant for the Costs incurred as a result of the request. Where transmission capacity will be increased or additional transmission facilities will be installed to provide or maintain the requested service to a Neighboring Entity or Neighboring Distribution System, Applicant may require, in addition to a rate for use of other facilities, that payment of Costs associated with the increased capacity or additional facilities shall be made by the parties in accordance with and in advance of their respective use of the new capacity or facilities.

c. Nothing herein shall require Applicant (1) to construct additional transmission facilities if the construction of such facilities is inconsistent with Good Utility Practice or if such facilities could be constructed without duplicating any portion of Applicant's transmission system, (2) to provide transmission service to a retail customer of (3) to construct transmission outside the area then electrically served at retail by Applicant.

d. Rate schedules and agreements for transmission services provided under this Section shall be filed by Applicant with the regulatory agency having jurisdiction over such rates and agreements.

(8) <u>Access to Nuclear Generation</u>

a. If a Neighboring Entity or Neighboring Distribution System makes a timely request to Applicant for an ownership participation in the Stanislaus Nuclear Project, Unit No. 1 or any future nuclear generating unit for which Applicant applies for a construction permit during the 20-year period immediately following the date of the construction permit for Stanislaus Unit 1, Applicant shall offer the requesting party an opportunity to participate in such units, up to an amount reasonable in light

of the relative loads of the participants. With respect to Stanislaus Unit No. 1 or any future nuclear generating unit, a request for participation shall be deemed timely if received within 90 days after the mailing by Applicant to Neighboring Entities and Neighboring Distribution Systems of an announcement of its intent to construct the unit and a request for an expression of interest in participation. Participation shall be on a basis which compensates Applicant for a reasonable share of all its Costs, incurred and to be incurred, in planning, selecting a site for, constructing and operating the facility.

b. Any Neighboring Entity or any Neighboring Distribution System making a timely request for participation in a nuclear unit must enter into a legally binding and enforceable agreement to assume financial responsibility for its share of the costs associated with participation in the unit and associated transmission facilities. Unless otherwise agreed by Applicant, a Neighboring Entity or Neighboring Distribution System desiring participation must have signed such an agreement within one year after Applicant has provided to that Neighboring Entity or Neighboring Distribution System pertinent financial and technical data bearing on the feasibility of the project which are then available to Applicant. Applicant shall provide additional pertinent data as they become available during the year. The requesting party shall pay to Applicant forthwith the additional expenses incurred by Applicant in making such financial and technical data available. In any participation agreement subject to this Section, Applicant may require provisions requiring payment by each participant of its share of all costs incurred up to the date of the agreement, requiring each participant thereafter to pay its pro rata share of funds as they are expended for the planning and construction of units and related facilities, and requiring each participant to make such financial arrangements as may be necessary to ensure the ability of the participant to continue to make such payments.

(9) Implementation

a. All rates, charges, terms and practices are and shall be subject to the acceptance and approval of any regulatory agencies or courts having jurisdiction over them.

b. Nothing contained herein shall enlarge any rights of a Neighboring Entity or Neighboring Distribution System to provide services to retail customers of Applicant beyond the rights they have under state or federal law.

c. Nothing in these license conditions shall be construed as a waiver by Applicant of its rights to contest the application of any commitment herein to a particular factual situation.

d. These license conditions do not preclude Applicant from applying to any appropriate forum to seek such changes in these conditions as may at the time be appropriate in accordance with the then-existing law and Good Utility Practice.

e. These license conditions do not require Applicant to become a common carrier.

7590-01

UNITED STATES NUCLEAR REGULATORY COMMISSION

DOCKET NO. 50-323

DIABLO CANYON NUCLEAR POWER PLANT, UNIT 2

PACIFIC GAS ELECTRIC COMPANY

NOTICE OF ISSUANCE OF FACILITY OPERATING LICENSE DPR-82

Notice is hereby given that, pursuant to the approval given in a Memorandum and Order dated August 1, 1985, the U.S. Nuclear Regulatory Commission (the Commission) has issued Facility Operating License No. DPR-82 (the license) to Pacific Gas and Electric Company (PG&E or the licensee) which authorizes operation of the Diablo Canyon Nuclear Power Plant, Unit 2 (the facility or Diablo Canyon Unit 2). Diablo Canyon, Unit 2 is a pressurized water reactor located in San Luis Obispo County, California. This license authorizes operation at reactor core power levels not in excess of 3411 megawatts thermal (100% rated power) in accordance with the provisions of the license, the Technical Specifications and the Environmental Protection Plan. Facility Operating License No. DPR-82 supersedes Facility Operating License No. DPR-81, previously issued to the licensee on April 26, 1985, which authorized the operation of the facility at power levels up to 5% of rated power.

The application for license complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations. The Commission has made appropriate findings as required by the Act and the Commission's regulations in 10 CFR Chapter I, which are set forth in the license. Prior public notice of the overall action involving the proposed issuance of an operating license authorizing full power operation was published in the FEDERAL REGISTER on October 19, 1973 (38 F. R. 29105).

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The Commission has determined that the issuance of this License will not result in any environmental impacts other than those evaluated in the Final Environmental Statement (issued in May 1973, 38 F.R. 14183) and its Addendum (issued in May 1976, 41 F.R. 22895), the NRC Flood Plain Review (dated September 9, 1981) and the NRC Discussion of Environmental Effects of the Uranium Fuel Cycle (dated September 9, 1981) since the activity authorized by this License is encompassed by the overall action evaluated in those documents.

For further details with respect to this action, see (1) Commission Memorandum and Order (CL1-85-14) dated August 1, 1985; (2) Facility Operating License No. DPR-82 with Technical Specifications (NUREG-1151) and the Environmental Protection Plan; (3) Facility Operating License No. DPR-81 for fuel load and low power dated April 26, 1985; (4) the reports of the Advisory Committee on Reactor Safeguards dated June 12, 1975, August 19, 1977, July 14, 1978, November 12, 1980, February 14, 1984, April 9, 1984, June 20, 1984 and July 16, 1984; (5) the Commission's Safety Evaluation Report (NUREG-0675, Supplements No. 1 through No. 32); (6) the Final Environmental Statement dated May 1973 and its Addendum dated May 1976; (7) NRC Flood Plain Review of Diablo Canyon Nuclear Power Plant Site dated September 9, 1981; and (8) Discussion of the Environmental Effects of Uranium Fuel Cycle dated September 9, 1981. These items are available for public inspection at the Commission's Public Document Room, 1717 H Street, N. W., Washington, D. C. and the California Polytechnic State University Library, Documents and Maps Department, San Luis Obispo, California 93407. A copy of the Facility Operating License No. DPR-82 may be obtained upon request addressed to the U.S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention: Director, Division of Licensing. Copies of NUREG-0675, NUREG-1151 and the

Final Environmental Statement and its Addendum may be purchased from the National Technical Information Service, Department of Commerce, 5285 Port Royal Road, Springfield, VA 22161, or may be ordered by calling (202) 275-2060 or (202) 275-2171 or by writing to the Superintendent of Documents, U.S. Government Printing Office, Post Office Box 37082, Washington, D.C. 20013-7082. All orders should clearly identify the NRC publication number and the requester's GPO deposit account, or Visa or Mastercard number and expiration date.

Dated at Bethesda, Maryland, the 26 day of August, 1985.

FOR THE NUCLEAR REGULATORY COMMISSION

George W. Knighton

George W. Knighton, Chief
Licensing Branch No. 3
Division of Licensing

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

Docket Nos. 50-275
50-323

AMENDMENT TO INDEMNITY AGREEMENT NO. B-75
AMENDMENT NO. 9

Effective August 26, 1985, Indemnity Agreement No. B-75, between Pacific Gas and Electric Company and the Nuclear Regulatory Commission, dated December 31, 1975, as amended, is hereby further amended as follows:

Item 3 of the Attachment to the indemnity agreement is deleted in its entirety and the following substituted therefor:

Item 3 - License number or numbers

SNM-1503	(From 12:01 a.m., December 31, 1975 to 12 midnight, September 21, 1981 inclusive)
SNM-1667	(From 12:01 a.m., October 15, 1976 to 12 midnight, April 25, 1985 inclusive)
DPR-76	(From 12:01 a.m., September 22, 1981 to 12 midnight, November 1, 1984 inclusive)
DPR-80	(From 12:01 a.m., November 2, 1984)

DPR-81	(From 12:01 a.m., April 26, 1985 to 12 midnight, August 25, 1985, inclusive)
DPR-82	(From 12:01 a.m., August 26, 1985)

FOR THE U. S. NUCLEAR REGULATORY COMMISSION

Jerome Saltzman, Assistant Director
State and Licensee Relations
Office of State Programs

Accepted _____

By _____
PACIFIC GAS & ELECTRIC COMPANY

DIABLO CANYON NUCLEAR POWER PLANT, UNIT 2
ISSUANCE OF FACILITY OPERATING LICENSE DPR-82

DISTRIBUTION

*Docket File 50-323
*NRC PDR
*LPDR
*NSIC
*PRC System
LB#3 Reading
*JLee (25)
*HSchierling
TMNovak
JSaltzman, SAB
*LChandler
CMiles
HRDenton
JRutberg
AToalston
WMiller, LFMB
*JPartlow
*BGrimes
*EJordan
*LHarmon
*EButcher, SSPB
*TBarnhart (4)
*IBailey

*With all enclosures.