

June 24, 2003

Commissioner James D. Boyd
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

SUBJECT: ENVIRONMENTAL ASSESSMENT BY THE U.S. NUCLEAR REGULATORY
COMMISSION FOR THE PROPOSED DIABLO CANYON INDEPENDENT
SPENT FUEL STORAGE INSTALLATION

Dear Commissioner Boyd:

The U.S. Nuclear Regulatory Commission (NRC) staff is currently reviewing a license application submitted by Pacific Gas and Electric Company (PG&E) on December 21, 2001, to construct and operate an Independent Spent Fuel Storage Installation (ISFSI) on the site of the Diablo Canyon Power Plant in San Luis Obispo County, California. An applicant for a license of this type must submit an environmental report as part of its application, as required under 10 CFR Part 51 of the NRC's regulations. The NRC staff reviews this information in accordance with the requirements of the National Environmental Policy Act, as specified in 10 CFR 51.10.

The NRC staff has completed its environmental review of PG&E's application, and we have drafted an Environmental Assessment (EA) to document our findings. We conclude in the EA that the proposed action will not significantly affect the quality of the human environment. Consistent with NRC policy for such actions, the staff has contacted the designated State Liaison Office, in this case, the California Energy Commission (CEC), to ensure an opportunity to comment on environmental issues prior to public issuance of the EA. On April 25, 2003, I spoke with Ms. Barbara Byron of your staff to inform her of the NRC staff's preliminary determination and to request any comments on behalf of the State of California. Ms. Byron requested a copy of the NRC staff's draft EA for review and comment. In response to her request, I have enclosed a copy of the draft EA, which is marked as pre-decisional information. We request that the distribution and use of this document be limited only to those staff involved in the review and comment process. We further request that the CEC provide any comments to the NRC staff within 30 days of receipt of this letter.

The NRC staff will consider your timely comments, and will revise the Environmental Assessment, as appropriate, before its final issuance. Concurrent with the issuance of the EA, the staff plans to forward its Finding of No Significant Impact for publication in the Federal Register.

The NRC staff will notify the Atomic Safety and Licensing Board that is presiding over this licensing proceeding of this consultation. The Board and all parties to the proceeding will receive a copy of this letter and the staff's pre-decisional EA via that notification.

J. Boyd

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If you or your staff have any questions on this matter, please contact me at (301) 415-1336.

Sincerely,

/RA/

James R. Hall, Senior Project Manager
Spent Fuel Project Office
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission

Docket No.: 72-26 (50-275, 50-323)

Enclosure: Environmental Assessment (Pre-Decisional Information)

cc: Mailing list (w/o enclosure)

J. Boyd

-2-

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Diablo Canyon Power Plant, Units 1 and 2

cc: w/o enclosure
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