

September 14, 2006

Mr. John S. Keenan
Senior Vice President and Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 770000
San Francisco, CA 94177-0001

SUBJECT: DIABLO CANYON POWER PLANT, UNIT NOS. 1 AND 2 - ISSUANCE OF
AMENDMENTS RE: DELETION OF ANTITRUST LICENSE CONDITIONS
(TAC NOS. MC9673 AND MC9674)

Dear Mr. Keenan:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to your application for amendment dated January 19, 2006, as supplemented on June 20, 2006. The proposed amendment would delete the antitrust conditions from the licenses.

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

Sincerely,

/RA/

Alan Wang, Project Manager
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-275
and 50-323

Enclosure: Environmental Assessment

cc w/encl: See next page

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Diablo Canyon Power Plant, Units 1 and 2

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March 2006

UNITED STATES NUCLEAR REGULATORY COMMISSION
PACIFIC GAS AND ELECTRIC COMPANY
DOCKET NOS. 50-275 AND 50-323
DIABLO CANYON POWER PLANT, UNIT NOS. 1 AND 2
ENVIRONMENTAL ASSESSMENT AND FINDING OF
NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (NRC) is considering issuance of an amendment to Title 10 of the *Code of Federal Regulations* (10 CFR), Section 50.90 for Facility Operating Licenses, Nos. DPR-80 and DPR-82, issued to Pacific Gas and Electric Company (PG&E, the licensee) for operation of the Diablo Canyon Power Plant, Unit Nos. 1 and 2 (DCPP or facility), located in San Luis Obispo County, California. Therefore, as required by 10 CFR 51.21, the NRC is issuing this environmental assessment and finding of no significant impact.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

The proposed action would delete the antitrust license conditions from the licenses.

The proposed action is in accordance with the licensee's application dated January 19, 2006, as supplemented by letter dated June 20, 2006.

The Need for the Proposed Action:

Circumstances have changed significantly from those that existed when the antitrust license conditions were first imposed 28 years ago. In particular, there have been recent developments in the law at both the federal and state levels to ensure competition in the industry in California and elsewhere. Moreover, agreements binding PG&E related to the Stanislaus Commitments will continue to be in effect whether or not the antitrust conditions

actually remain a part of the DCPD licenses, and competitors have voiced no opposition to the removal of the conditions. Finally, under the limited statutory authority granted to the NRC under Section 105 of the Atomic Energy Act of 1954, it appears that the NRC lacks the authority now to continue to impose the antitrust conditions against PG&E through the DCPD licenses. Accordingly, in consideration of all of the foregoing, the licensee has requested to remove the antitrust conditions from the licenses as the conditions are no longer necessary to serve the original intended purpose.

Environmental Impacts of the Proposed Action:

The NRC has completed its safety evaluation of the proposed action and concludes that the proposed license amendment involves administrative actions which have no effect on plant equipment or operation.

The details of the staff's safety evaluation will be provided in the license amendment that will be issued as part of the letter to the licensee approving the license amendment.

The proposed action will not significantly increase the probability or consequences of accidents. No changes are being made in the types of effluents that may be released off site. There is no significant increase in the amount of any effluent released off site. There is no significant increase in occupational or public radiation exposure. Therefore, there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential non-radiological impacts, the proposed action does not have a potential to affect any historic sites. It does not affect non-radiological plant effluents and has no other environmental impact. Therefore, there are no significant non-radiological environmental impacts associated with the proposed action.

Accordingly, the NRC concludes that there are no significant environmental impacts associated with the proposed action.

Environmental Impacts of the Alternatives to the Proposed Action:

As an alternative to the proposed action, the staff considered denial of the proposed action (i.e., the “no-action” alternative). Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources:

The action does not involve the use of any different resources than those previously considered in the Final Environmental Statement for DCP, dated May 1973, and Addendum to Final Supplemental Environmental Impact Statement for DCP dated May 1976.

Agencies and Persons Consulted:

In accordance with its stated policy, on July 27, 2006, the staff consulted with the California State official, Steve Hsu of the Radiologic Health Branch, Department of Health Services, regarding the environmental impact of the proposed action. The State official had no comments.

FINDING OF NO SIGNIFICANT IMPACT

On the basis of the environmental assessment, the NRC concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the NRC has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the licensee’s letter dated January 19, 2006, as supplemented by letter dated June 20, 2006. Documents may be examined, and/or copied for a fee, at the NRC’s Public Document Room (PDR), located at One White Flint North, Public File Area O1 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room on the

Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS should contact the NRC PDR Reference staff by telephone at 1-800-397-4209 or 301-415-4737, or send an e-mail to pdr@nrc.gov.

Dated at Rockville, Maryland, this 14th day of September 2006.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Alan Wang, Project Manager
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation