

July 23, 2010

Mr. Noah Smukler, Council Member
Ms. Betty Winholtz, Council Member
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Dear Mr. Smukler and Ms. Winholtz:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter of February 23, 2010. In your letter, you requested that the NRC stay its review of the license renewal application for the Diablo Canyon Power Plant, Units 1 and 2 (DCPP), and that the State-requested seismic studies be expedited. In this case, the State has separate requirements for seismic evaluations that stem from State laws and regulatory oversight for issues such as electric grid reliability, electric ratemaking, and coastal land management. The NRC staff has coordinated with the State on issues related to its jurisdiction and will continue to do so.

It is not necessary, at this time, for the NRC staff to delay the reviews it recently began of the license renewal application submitted by Pacific Gas and Electric (PG&E) for DCPP. PG&E submitted its application for renewal of the DCPP license in November 2009, which was within the time frame allowed under NRC rules. The NRC staff then evaluated the application and found that it met the standards necessary to begin a formal review of the application. The NRC's safety and environmental review processes take a minimum of 22 months to complete.

It is important to note that this license renewal review will not affect the ongoing safety oversight process within which the NRC staff will continue to address seismic issues. The NRC staff is involved on a daily basis in monitoring and inspecting the operations at DCPP. By addressing seismic issues within the agency's continuing safety oversight of the power plant, the NRC staff is able to quickly respond to new information, as the agency demonstrated when it monitored PG&E's response to the discovery of the Shoreline Fault. It is my understanding that the applicant's Shoreline Fault study will be concluded in December 2010.

Should information at any time, now, or in the future, regardless of whether the NRC is performing a license renewal review, show that there is a basis to question the continued safe operation of DCPP, the NRC will take the appropriate actions as part of the agency's ongoing safety oversight. The NRC staff will continue to monitor assessments of the Shoreline Fault and other seismic issues around DCPP and ensure that the power plant's safety systems remain capable of safely shutting the plant down in case of a seismic event.

In order to better inform the local public about the NRC's continuing safety oversight, the staff plans to hold a public meeting in California in the fall to further discuss the NRC's role and actions regarding seismic issues. The NRC staff will publish notices on its Web site and in the local newspaper about this meeting, and will also inform representatives from the State of California.

In your letter, you also expressed concern regarding loss of tourism due to a seismic event. I have forwarded these comments to my staff to consider during its scoping of the environmental review.

I appreciate your time and interest in contacting the NRC. Should you have additional questions about the DCPD license renewal review process or concerns about NRC oversight of the plant's safe operation, I invite you to contact Mr. David Wrona, Chief of Renewal Projects Branch 2 in the Division of License Renewal, at 301-415-2292.

Sincerely,

/RA/

Brian E. Holian, Director
Division of License Renewal
Office of Nuclear Reactor Regulation

cc: See next page

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Sincerely,

/RA/

Brian E. Holian, Director
Division of License Renewal
Office of Nuclear Reactor Regulation

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Letter to N. Smukler and B. Winholtz from E. Leeds dated July 23, 2010

SUBJECT: DIABLO CANYON LICENSE RENEWAL

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Diablo Canyon Nuclear Power Plant
Units 1 and 2

cc:

Mr. John T. Conway, Senior Vice President,
Generation and Chief Nuclear Officer
Diablo Canyon Nuclear Power Plant,
Units 1 and 2
Pacific Gas & Electric Company
77 Beale Street, MC B32
San Francisco, CA 94105

The Honorable Lois Capps
Member, United States
House of Representatives
1110 Longworth House Office Building
Washington, DC 20515

The Honorable Barbara Boxer
Member, United States Senate
112 Hart Senate Office Building
Washington, DC 20510