

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

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(2)

Kimberly J. Green and Andrew L. Stuyvenberg  
Mail Stop (MS) O-11F1  
Project Managers – Diablo Canyon License Renewal  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001

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RULES AND DIRECTIVES  
BRANCH  
USNRC

RE: Notice of Pending State Applications – Pacific Gas and Electric  
Company’s Requested Nuclear Regulatory Commission  
Operating License Renewal for Diablo Canyon Power Plant

Dear Ms. Green and Mr. Stuyvenberg,

I am writing to inform the Nuclear Regulatory Commission (NRC) of several important regulatory proceedings that are ongoing at the California Public Utilities Commission (CPUC) related to the Diablo Canyon Power Plant (DCPP). These proceedings could be relevant to the NRC’s consideration of Pacific Gas and Electric Company’s (PG&E’s) request for an operating license renewal for DCPP.

On September 29, 2006, Governor Arnold Schwarzenegger signed into law AB 1632, introduced by Assemblyman Sam Blakeslee. AB 1632 required the California Energy Commission (CEC) to conduct a “[c]ompilation and assessment of existing scientific studies...to determine the potential vulnerability, to a major disruption due to aging or a major seismic event, of large baseload generation facilities” including DCPP. The CEC was required to issue its assessment by November 1, 2008.

In a decision dated March 15, 2007, addressing PG&E’s 2007 General Rate Case, the CPUC approved a request by PG&E to fund a Diablo Canyon license renewal feasibility study. In issuing our approval, the CPUC directed PG&E to incorporate the findings and recommendations from the CEC’s AB 1632 assessment into its Diablo Canyon license renewal feasibility study.<sup>1</sup> The CPUC also required PG&E to submit an application by June 30, 2011 to the CPUC on whether to pursue license renewal for DCPP and address the CEC’s AB 1632 assessment.<sup>2</sup>

In November 2008, the CEC completed a comprehensive assessment of DCPP and San Onofre Nuclear Generation Station (SONGS) and adopted the study titled, “An Assessment of California’s Nuclear Power Plants: AB 1632 Report.” The CEC assessment examined the potential vulnerability of DCPP and SONGS to a major disruption due to a seismic event or plant aging. The report noted that the seismic setting around DCPP has been extensively studied, but uncertainties remain. The CEC assessment notes that “advanced technology may help resolve remaining uncertainties” and

<sup>1</sup> Decision 07-03-044 at Ordering Paragraph 10. March 15, 2007

<sup>2</sup> *Id.* at Ordering Paragraph 11

SONSI Review Complete  
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A. Stuyvenberg (ALS3)  
N. Ferrer (nbf)

recommends that PG&E use “three-dimensional geophysical seismic reflection mapping and other advanced techniques to explore fault zones near Diablo Canyon.”<sup>3</sup>

The California legislature again took up the issue of seismic fault studies at Diablo Canyon in 2009, unanimously passing AB 42, which would have required PG&E to conduct three-dimensional mapping. The Governor did not sign the legislation, noting that “in light of the actions already taken by the CPUC and the Energy Commission on this matter, further legislative authorization is unnecessary.”

The CEC included a further discussion of the seismic issues associated with DCPD in its 2009 Integrated Energy Policy Report. This new report noted the discovery of a new fault in the DCPD area known as the Shoreline Fault and reiterated the recommendation that PG&E conduct three-dimensional seismic mapping.<sup>4</sup>

In January 2010, PG&E filed two applications related to DCPD with the CPUC. Both applications are currently pending:

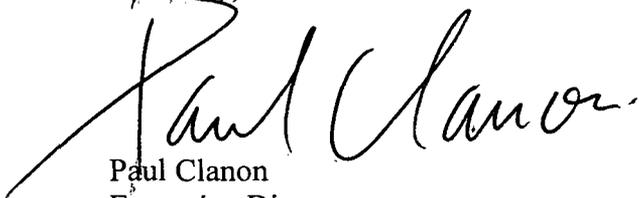
- A.10-01-014, a request to approve funding to perform two-dimensional and three-dimensional seismic studies in the area at and around DCPD recommended by the CEC in its AB 1632 Report. PG&E proposes to perform the seismic studies from 2011 to 2013 (the total cost of the seismic studies is estimated at \$16.73 million); and
- A.10-01-022, a request to recover in rates the costs to obtain the state and federal approvals related to renewal of the Diablo Canyon operating licenses (the total cost of the License Renewal project is estimated at \$85 million).

The CPUC will be determining whether PG&E’s requests for over \$100 million are reasonable and whether the costs should be paid by PG&E’s customers.

The CPUC encourages the NRC to fully consider the findings from any studies that PG&E conducts as the NRC reviews PG&E relicensing application. The seismic studies in PG&E’s application, if approved by the CPUC, could provide valuable information to assist the NRC.

Thank you for your attention to this issue.

Sincerely,



Paul Clanon  
Executive Director

<sup>3</sup> California Energy Commission 2008, An Assessment of California’s Operating Nuclear Power Plants: AB 1632 Committee Report, CEC-100-2008-108-CTF at page 6.

<sup>4</sup> California Energy Commission, 2009 Integrated Energy Policy Report, Final Commission Report, December 2009, CEC-100-2009-003-CMF at pages 120-121, 238.