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Docket Nos. 50-275 and 50-323

> W. B. Skinner 1744 Countrywood Court Walnut Creek, California 94598

Dear Mr. Skinner:

I am pleased to respond to your letter of November 17, 1977 to Mr. Edson Case. You expressed support for Pacific Gas and Electric Company's application for an interim operating license for the Diablo Canyon Nuclear Power Plant.

As a result of discovery of the Hosgri Pault, the Diablo Canyon Plant is being reevaluated to determine what modifications may be necessary in order to withstand a more severe earthquake than was assumed in the plant's original design. PG&E has nearly completed the reevaluation and the NRC staff is now reviewing it. In the meantime, PG&E is installing the modifications and expects to have them completed for Unit 1 by this summer. This action is intended to provide the basis for a normal or full-term operating license.

In addition, PGRE requested an interim operating license in August 1977. The interim license request would, if approved, allow operation of Unit 1 for an interim period of time pending completion of the modifications.

The NRC staff reviewed the interim license request intensively for several moths. However, in early November 1977, as the review was nearing completion it became apparent that the additional time that would be needed to resolve some of the technical issues would make it unlikely that an interim license decision could be reached either in time to allow full power operation before the summer 1978 peak electrical demand or very much sooner than a full-term decision could be reached. It also appeared that pursuing the interim license review together with the full-term license review would delay both reviews. Furthermore, PGKE was proceeding rapidly to install the modifications. The modifications were scheduled for completion about the same time as a decision could be reached on the interim operating license request.

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Based on these considerations and others which are discussed more fully in the enclosures, the NRC staff believed the full-term license review offered a better prospect for reaching a timely decision. Accordingly, the staff placed its review of the interim license request on a lower priority in order to concentrate its efforts on the full-term license review.

I trust you will find this information responsive to your concerns.

Sincerely,

Original Signed by, John F. Stolz

John F. Stolz, Chief Light Water Reactors Branch No. 1 Division of Project Management

Enclosures:

- Summary of meeting held on November 3, 1977
- 2. Letter to PG&E dated
 January 23, 1978 enclosing
 summary of meeting held on
 December 15, 1977
- 3. Letter from PG&E dated February 8, 1978

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NUCLEAR REGULATORY COMMISSION WASHINGTON, D. C. 20556

11/3/77 Schedules

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DOCKET NOS: 50-275 and 50-323

APPLICANT: Pacific Gas and Electric Company (PG&E)

FACILITY: Diablo Canyon Nuclear Power Station, Units 1 and 2 (Diablo

Canyon)

SUMMARY OF MEETING HELD ON NOVEMBER 3, 1977 TO DISCUSS STATUS OF OPERATING LICENSE REVIEW

We met with PG&E on November 3, 1977 in Bethesda, Maryland to discuss the status of our review of the interim operating license request and the full-term operating license application. A list of attendees is provided in Enclosure No. 1.

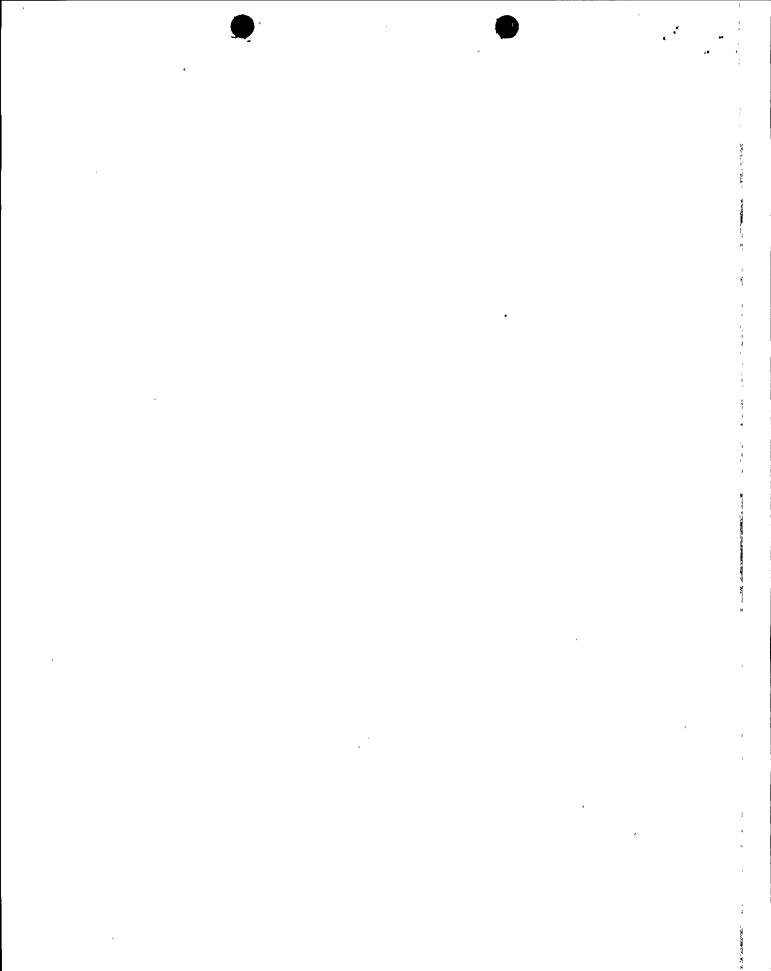
Background

In accordance with the construction permits, the plant had been originally designed to withstand an earthquake with a reference horizontal ground acceleration of 0.4g. Construction of Unit 1 had been substantially complete since 1976.

As requested by the NRC staff in April 1976, PG&E was performing a reanalysis to determine what modifications might be necessary in order to withstand an earthquake with a reference horizontal ground acceleration of 0.75g. The results from a substantial portion of the reanalysis had been submitted in Amendment 50 to the Final Safety Analysis Report (FSAR) in June 1975. PG&E was expected to submit the remainder of the results in the near future.

In addition, in August 1977, PG&E had requested an interim operating license to allow plant operation pending a decision on the normal or full-term operating license. The technical information submitted in support of the interim operating license had included:

- Information concerning the need for an interim operating license (need for electric power).
- Probabilistic analyses of the likelihood of major earthquakes in the vicinity of the plant and the likelihood of the plant withstanding such earthquakes without unacceptable releases of radioactivity.



- 3. Information concerning the relative risk involved (risk associated with the interim operating period vs risk associated with a full-term operating period after plant modification).
- 4. A commitment to complete the reanalysis and perform any modifications determined to be necessary.
- 5. A commitment to perform prior to initial operation, any modifications that would involve substantial radiation doses to workers if they were deferred until after the plant had been operated.

Need for Power

We had received a report from the California Energy Resources Conservation and Development Commission (ERCDC) indicating that it did not appear there would be a drastic shortage of electrical generating capacity in the State of California in the Summer of 1978, even assuming another dry year. We indicated to PG&E that our tentative preliminary assessment was in substantial agreement with that of ERCDC.

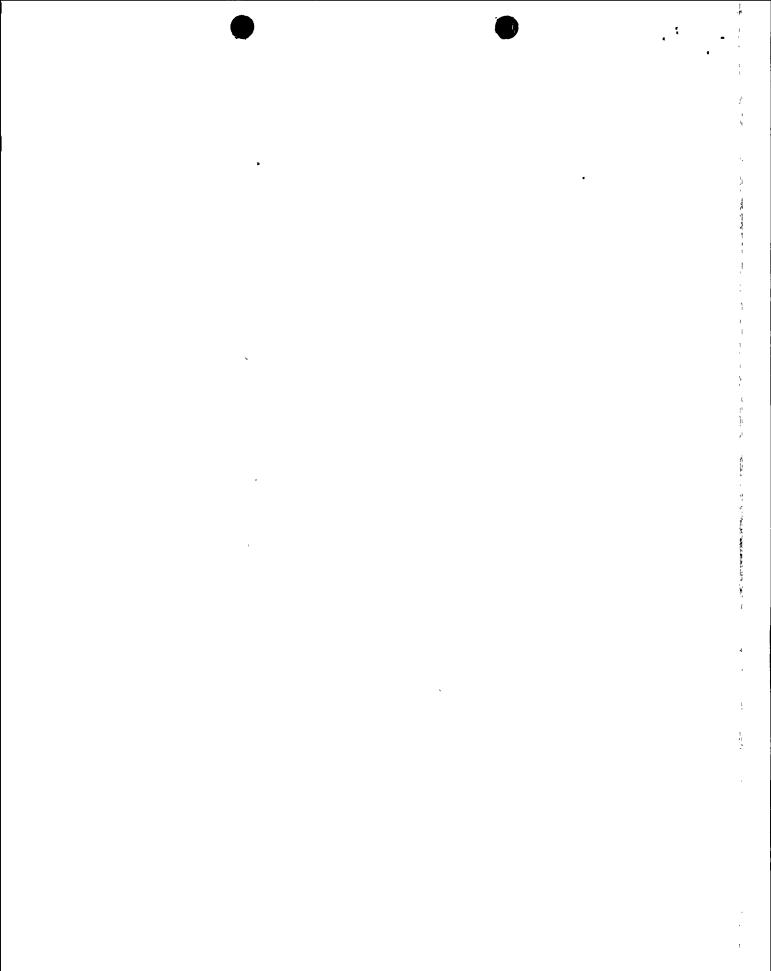
PG&E disagreed strongly with this conclusion and provided a letter responding to the ERCDC report. We indicated that we would review PG&E's response.

PG&E indicated that the disagreement seemed to be about the conclusions drawn rather than the basic data. They indicated that Federal Power Commission (FPC) data from the past 10 years suggests that any time the generating capacity margins are less than 15 percent on a system, the system may be subject to reliability problems. We indicated that we had asked FPC for an opinion as well as ERCDC.

Interim License Review

We told PG&E that we would need additional information in order to complete our evaluation of the interim license request. The information we needed fell into four categories:

- 1. Questions on the earthquake probability studies (Enclosure 2).
- 2. Questions on the Relative risk assessment (Enclosure 3).
- 3. Questions on long term cooling during the interim operating period (Enclosure 4).
- 4. We had decided that, in order to include a definitive finding on the practicality of future modifications and the adequacy of the existing seismic design, it would be necessary to resolve certain



outstanding generic questions prior to issuance of a Safety Evaluation Report (SER) on the interim license request (rather than prior to licensing). These generic questions involved the effects of loads due to postulated pipe breaks at the reactor vessel nozzle in combination with an assumed concurrent earthquake. PG&E had nearly completed the analysis of these effects and was planning to report the initial results at a meeting on November 10, 1977.

We also discussed the prospective schedule for completing the interim license review (Enclosure 5). It currently appeared that item (4) above would control the schedule. However, depending upon assumptions regarding submittal dates and review time, item (1) above might be controlling. In any event, it appeared that the earliest a SER could be issued would be early January 1978 (two months past the existing schedule). As indicated on Enclosure 5, it could be later depending upon submittal dates and review times.

Full Term License Review

We also discussed the prospective schedule for the full-term license review (Enclosure 6). Again, the schedule depended upon assumptions regarding submittal dates and review times. PG&E was planning to submit the results of the remaining reanalysis about December 1, 1977 so the soonest possible date to issue a SER on this subject would be April 1, 1978. It could be later.

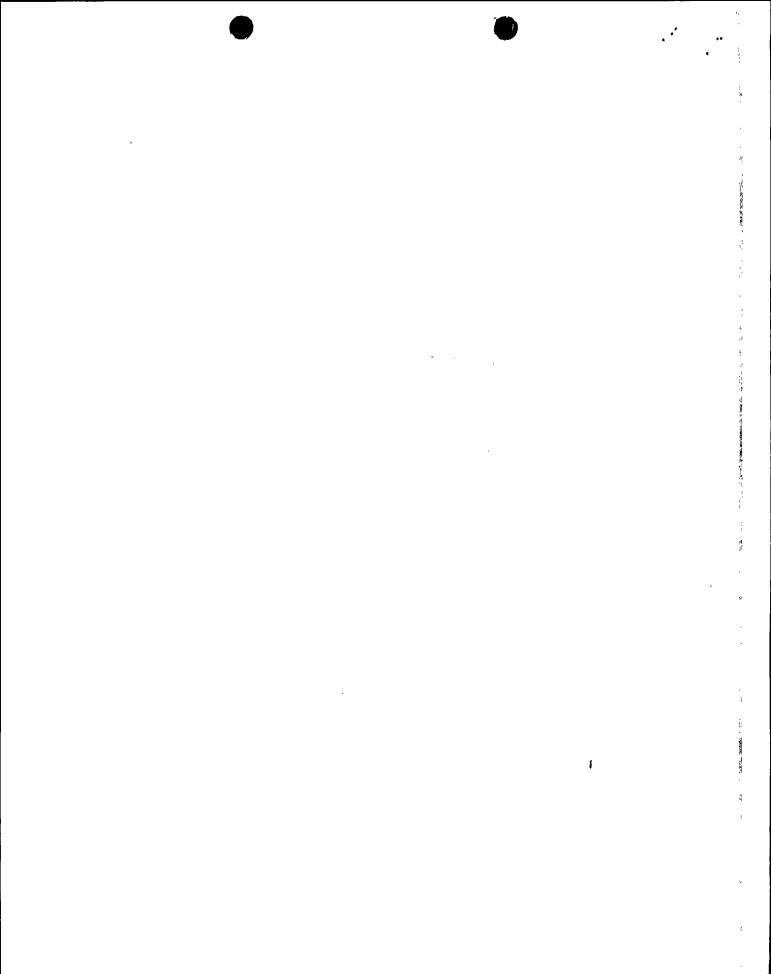
PG&E stated that the reanalysis was substantially completed, design of modifications was proceeding on an expedited schedule, and that the plant modifications should be completed by July 1978.

General Review Status

We said that the schedules did not seem to indicate that a decision could be reached on an interim license very much sooner than on a full term license. In addition, if the two approaches were pursued in tandem both would be delayed somewhat in relation to the prospective schedules in Enclosure 5 and Enclosure 6 due to interference and other factors.

We indicated that, in these circumstances, a difficult decision faced PG&E on whether or not to continue vigorous prosecution of the interim license request.

It was also noted that the Advisory Committee on Reactor Safeguards had not yet provided a recommendation on the acceptability of the design basis for the reanalysis (0.75g). The ACRS Subcommittee had recommended probabilistic studies similar to the studies offered in support of the interim license request. Accordingly, even if the interim license request were not prosecuted vigorously, the work that had been done might be an important element in the Committee's recommendation on the adequacy of the design basis.



- 1 -

It did not appear, at that time, that the resolution of other (non-seismic) issues would control either schedule. However, significant concern was expressed about this conclusion. We indicated that, in the near future, we would provide a complete punch list of all items to be resolved.

D. Allison, Project Manager Light Water Reactors Branch No. 1

Division of Project Management

Enclosures: As Stated

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cc: Philip A. Crane, Jr., Esq. Pacific Gas and Electric Company 77 Beale Street San Francisco, California 94106

Janice E. Kerr, Esq.
California Public Utilities.
Commission
350 McAllister Street
San Francisco. California 94102

Mr. Frederick Eissler, President Scenic Shoreline Preservation Conference, Inc. 4623 More Mesa Drive Santa Barbara, California 93105

Ms. Elizabeth E. Apfelberg 1415 Cazadero San Luis Obispo, California 93401

Ms. Sandra A. Silver 425 Luneta Drive San Luis Obispo, California 93401

Mr. Gordon A. Silver A. 425 Luneta Drive San Luis Obispo, California 93401

Paul C. Valentine, Esq. 400 Channing Avenue Palo Alto, Catifornia 94301

Yale I. Jones, Esq. 100 Van Ness Avenue 19th Floor San Francisco, California 94102

Ms. Raye Fleming 1746 Chorro Street San Luis Obispo, California 93401

Pacific Gas and Electric Company ATTN: Mr. John C. Morrissey Vice President and General Counsel 77 Beale Street San Francisco, California 94106 Mr. William P. Cornwell
P. O. Box 453
Morro Bay, California 93442

Mr. James O. Schuyler, Nuclear Projects Engineer Pacific Gas and Electric Company 77 Beale Street San Francisco, California 94106

Mr. W. C. Gangloff Westinghouse Electric Corporation P. O. Box 355 Pittsburgh, Pennsylvania 15230

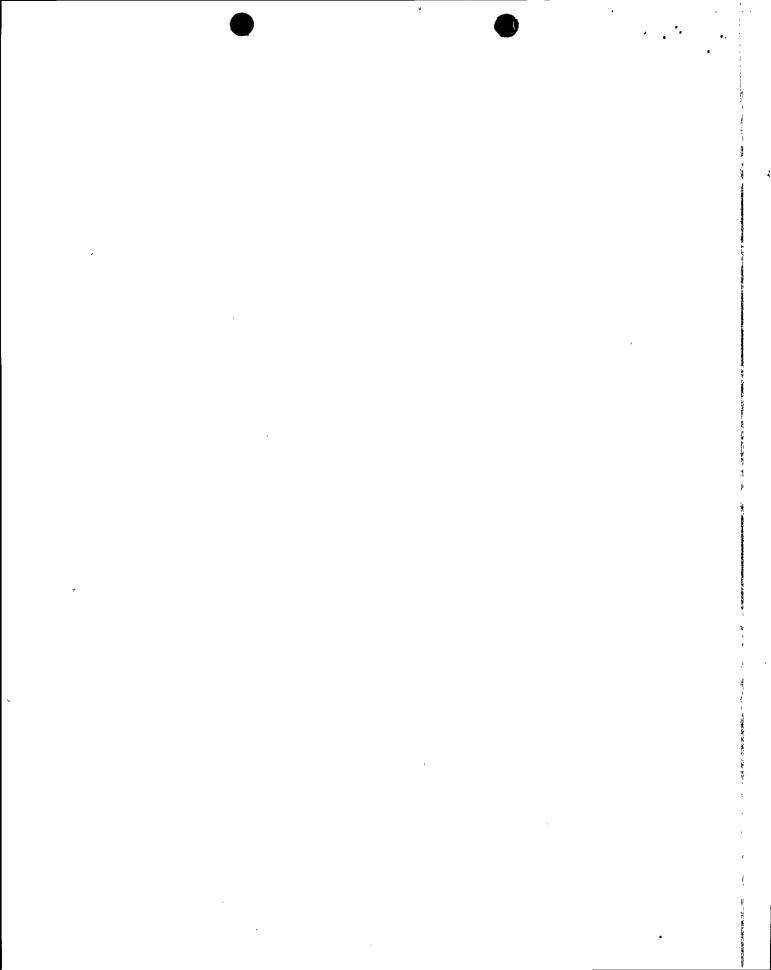
Brent Rushforth, Esq. Center for Law in the Public Interest 10203 Santa Monica Boulevard Los Angeles, California 90067

Arthur C. Gehr, Esq. Smell & Wilmer 3100 Valley Center Phoenix, Arizona 85012

Michael R. Klein, Esq. Wilmer, Cutler & Pikering 1666 K Street, H. W. Washington, D. C. 20006

David F. Fleischäker, Isq 1025 15th Street, N. V. 5th Floor Washington, D. C. 20005

Mr. Paul Morton California Division of Minus and Geology 28 Civic Center Plaza Room 642 Santa Ana, California 92701



ENCLOSURE NO. 1

LIST OF ATTENDEES

DIABLO CANYON MEETING

NOVEMBER 3, 1977

NRC Staff

- D. Allison
- J. Stolz
- J. Tourtellotte
- F. Schroeder
- L. D. Davis
- W. Gammill
- R. Mattson
- H. Denton
- E. Case
- B. J. Youngblood
- R. C. DeYoung
- J. Murphy
- J. C. Stepp
- J. Knight
- D. Vassallo

PG&E

- H. Gormly
- II. Lenfesty
- R. Bettinger
- J. Hoch
- M. Furbush
- B. Shakelford
- P. Crane
- E. Kaprielian

PG&E Consultant

A. Cornell

Intervenor's Consultant & Altorney

- B. Rushforth
- R. Hubbard
- D. Fleischaker

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Request for Additional Information: Diablo Canyon

While we find the assumptions and arguments used in report D-LL41 to be reasonable, a test of the results using more usual methodologies for computing earthquake probabilities has not been made. To accomplish this, the applicant should compute the probability of ground motion at the site using the usual method. The seismicity sample should be drawn from the San Andreas fault system sector of the Pacific/North America plate boundary. The occurrence of the predicted event in space should be determined by the relative movements on various faults within the San Andreas system.

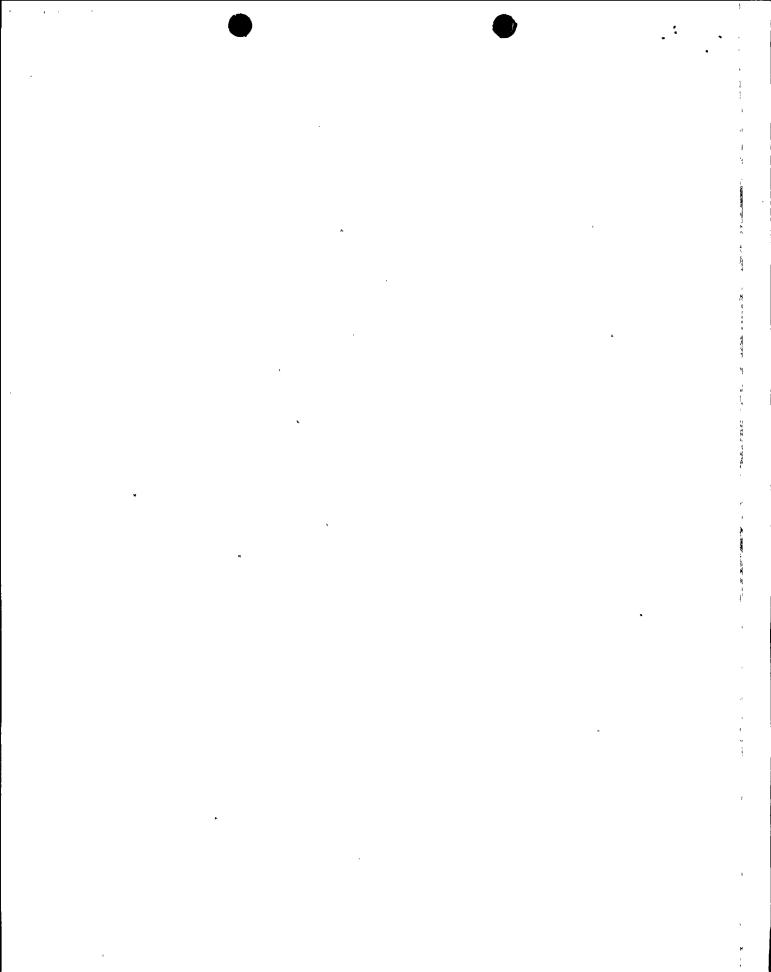
The attenuation curves used in D-LL41 give values that are low relative to those obtained using the competing curves of Trifunac and Brady. This difference should be explained.



STRUCTURAL ENGINEERING BRANCH Division of Systems Safety

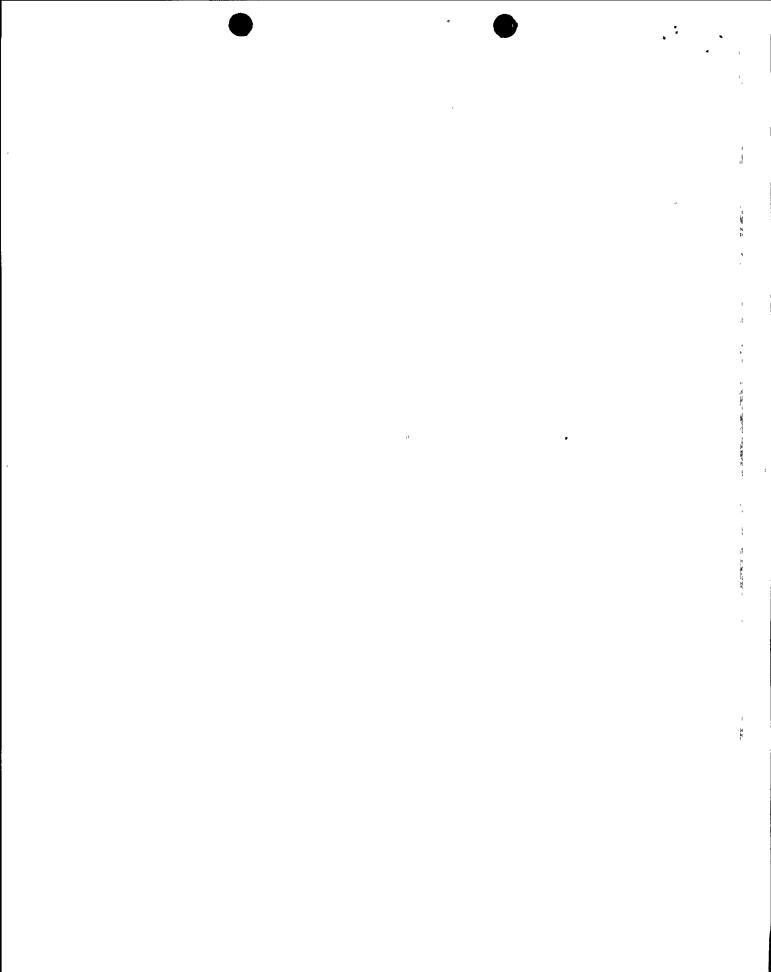
REQUEST FOR ADDITIONAL INFORMATION REGARDING THE REPORT ENTITLED "ANALYSIS OF RELATIVE RISK ASSOCIATED WITH OPERATION OF THE DIABLO CANYON NUCLEAR POWER PLANT UNTIL FOR AN INTERIM LICENSING PERIOD" BY W. K. BRUNCT

- The major conclusion of this study indicated on page 5 is that "for all cases analyzed, the ratio of risk during the interim license to the risk during the full term license is less than unity.". Elaborate on this conclusion and whether it is equally valid for plant damage probability curves other than those assumed in Fig. II of the report. Specifically, discuss various combinations of seismicity and failure probability curves that will produce a risk ratio of greater than one, and provide the bases, if any, for concluding that such cases are not significant. For example, discuss the combination of the Case C (for .4g nominal design) with Case A (for .75g nominal design). Since plant failure is treated conservatively for both 0.4g and 0.75g designs, the risk computed for each case is likely the upper bound. However, taking the ratio of two upper bounds reveals little about the ratio of the true risks. Discuss possible means to alleviate this concern including specific proposals for conducting an adequate number of case-bounding studies with unconservative assumptions for both the plant failure and seismicity hazard probability curves.
- Discuss the ademiaty of using a simple one-parameter (acceleration) to define the relamic nazard and the failure probability in the evaluation of minimum risks, considering these are a function of many parameters (e.g., ground acceleration, frequency content of ground motion, taxping, variability of seismic capacity of various elements, etc... Also, address simplistic means, if any, to account for these parameters in the relative risk analysis model.



Diablo Canyon Long-Term Cooling

The applicant must submit procedures and identify equipment that would be available to provide an extended water source (such as the ultimate heat sink) that would be available following a 0.4G earthquake before the normal supply would be exhausted. The extended water source and its availability to the auxiliary feedwater pumps must meet single active failure requirements and be operable without offsite power.



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JAN 23 1978

OSURE 2

Docket Hos. 50-275 and 50-323

> Mr. Barton P. Shackelford Executive Vice President Pacific Gas and Electric Company 77 Beale Street San Francisco, California 94106

Dear Hr. Shackelford:

SUBJECT: DIABLO CANYON OPERATING LICENSE REVIEW

I are writing to confirm the statements that the PSC staff made choud the Diable Canyon operating license review at our meeting of December 15, 1977. A copy of the staff's summary of that meeting is enclosed.

As indicated in the meeting summary, we are now proceeding to complete, on a high priority basis, our review of your full-term operating license application. For the past several months, we have also been conducting an intensive review of your request for an interim license. We are now concentrating our activity on the full term license since we believe it likely that this appreach will result in reaching a licensing decision on Diablo Canyon Unit 1 at an earlier date. Accordingly we are continuing our review of only that portion of the interim license application related to probabilistic studies, since the results of our evaluation of these studies will be useful for the full term license proceedings.

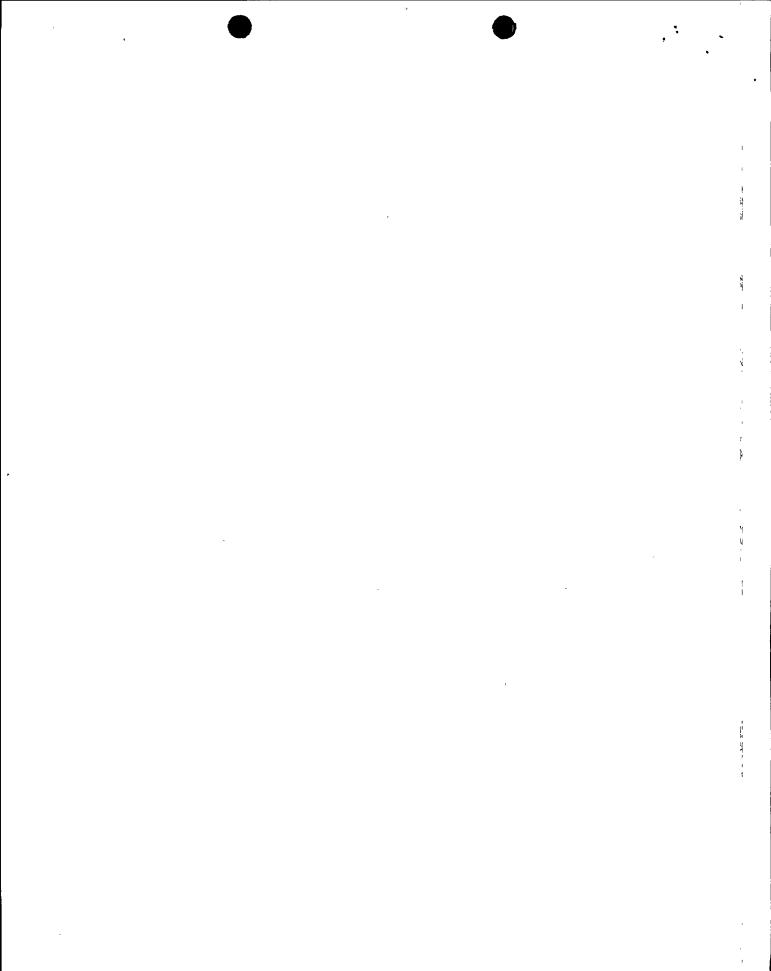
Please contact us at any time if you have any questions or comments' about this matter.

Sincerely,

*Edson G. Case, Acting Director
Office of Ruclear Reactor Regulation

Englosure: Neeting Summary

cc: See next page



cc: Pacific Gas and Electric Company
ATH: Hr. John C. Horrissey
Vice President & General Counsel
77 Beale Street
San Francisco, California 94106.

Janice E. Kerr, Esq. California Public Utilities Commission 350 McAllister Street San Francisco, California 94102

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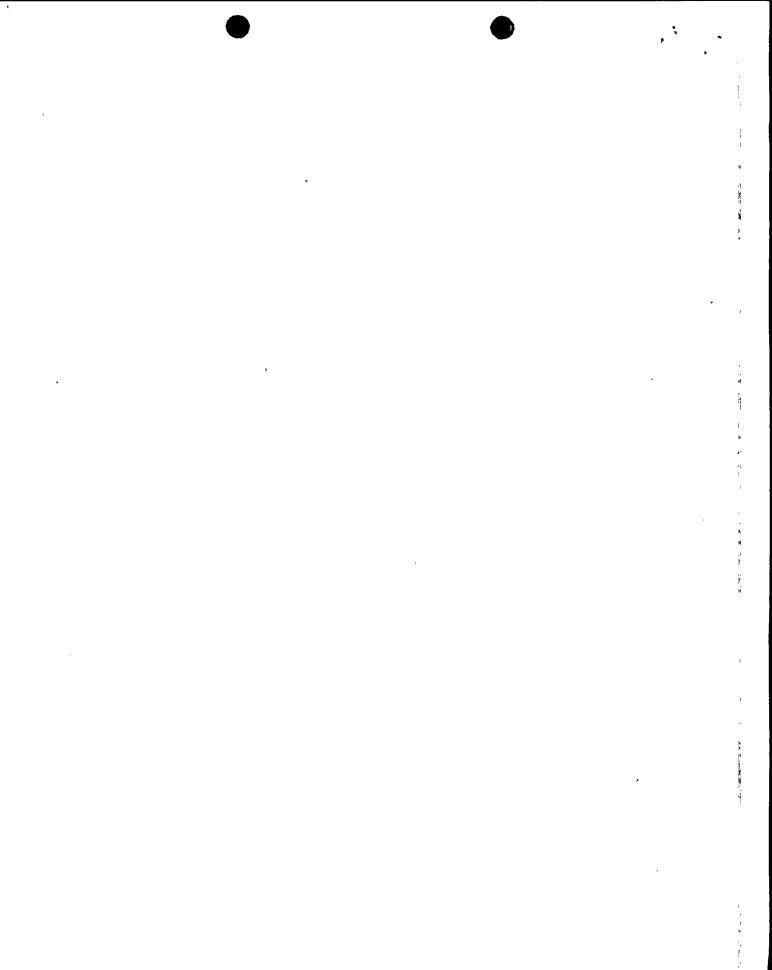
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UNITED STATES NUCLEAR REGULATORY COMMISSION WASHINGTON, D. G. 20555

JAH 23-1978

DOCKET ROSE

50-275 and 50-323

AUPLICAME:

Pacific Cas and Diectric Company (MGRE)

PACKERY:

Diable Canvon Buclear Power Skation, Units 1 and 2

(Diable Crayon)

SUMMARY OF MEETING HELD ON DECEMBER 15, 1977 TO DISCUSS DIADLO CANYON OPERATING LICENSE REVLEW

We met with the applicant on December 15, 1977 in Bethesda, Nd, to discuss the Diablo Canyon operating license review. A list of attendess is provided in the enclosure.

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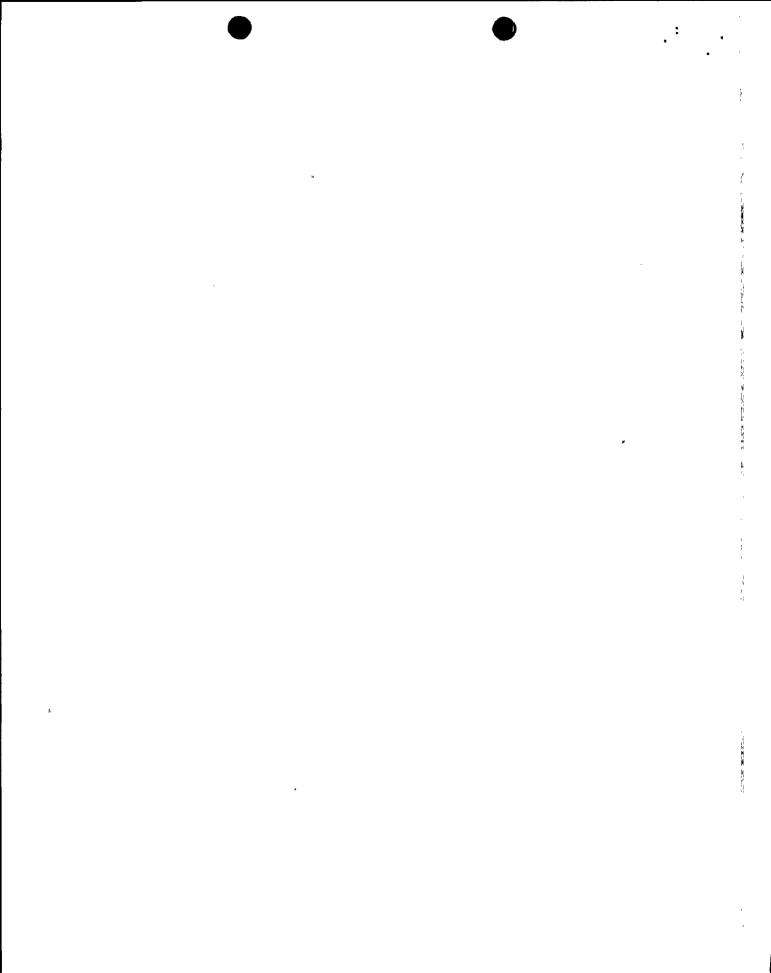
PGAR had marly completed a seismic re-analytis of the plant to determine what modifications might be necessary to withstand a larger earthquake than had been considered in the plant's original design. The results of most of this re-analysis had been submitted for NRC staff review and submittal of the remainder was expected in the near future. PGSE was proceeding to implement the modifications that had been identified in the re-analysis.

The normal or full-term operating license review would be based upon the re-analysis and modifications. In addition, PGGE had reugested an interim operating license based upon probabilistic studies and other information and this request had been under review for several months.

INTERIN OPERATING LICENSE REQUEST:

At a previous meeting on November 3, 1977 we had discussed the prospective schedules for completing the review. We had informed PGSE that, based on the prospective schedules, it did not appear that a decision on an interim license could be reached very much sooner than a decision on a full term license could be reached. In addition, if both approaches were pursued in tandam, both would be delayed due to interference and other factors.

At this meeting (December 13, 1977), we informed PGSE that we thought it would be better to concentrate on the full term license review and to perform the interim license review with a lower priority. We intended to follow this course. We indicated that this was based on the prespective schedules and other factors as well. The difficulties that would be encountered with an interim license would be considerable since it was



a novel approach. Thus the prospects are better on reaching a decision on the full term license in a timely manner. Another significant factor was that PS&E had been proceeding rapidly to implement plant medifications and intended to have the modifications completed for Unit 1 by August 1, 1978.

As to the interim license application, we intended to complete our review of the probability studies and publish our evaluation of this part of the application prior to the next ACRS subcormittee meeting on Diable Canyon.

PG&E expressed disappointment with the situation but indicated that, since the staff believed this approach offered the best prospect for obtaining a timely decision on an operating license, PG&E would accept the staff's judgement on the matter. PG&E inquired whether the full-term operating license review would be conducted with top priority. We indicated that we would give this our highest priority, except for unforescen items that might arise in the future with higher priority, such as safety questions about operating plants.

SEISMIC DESIGN REVIEW:

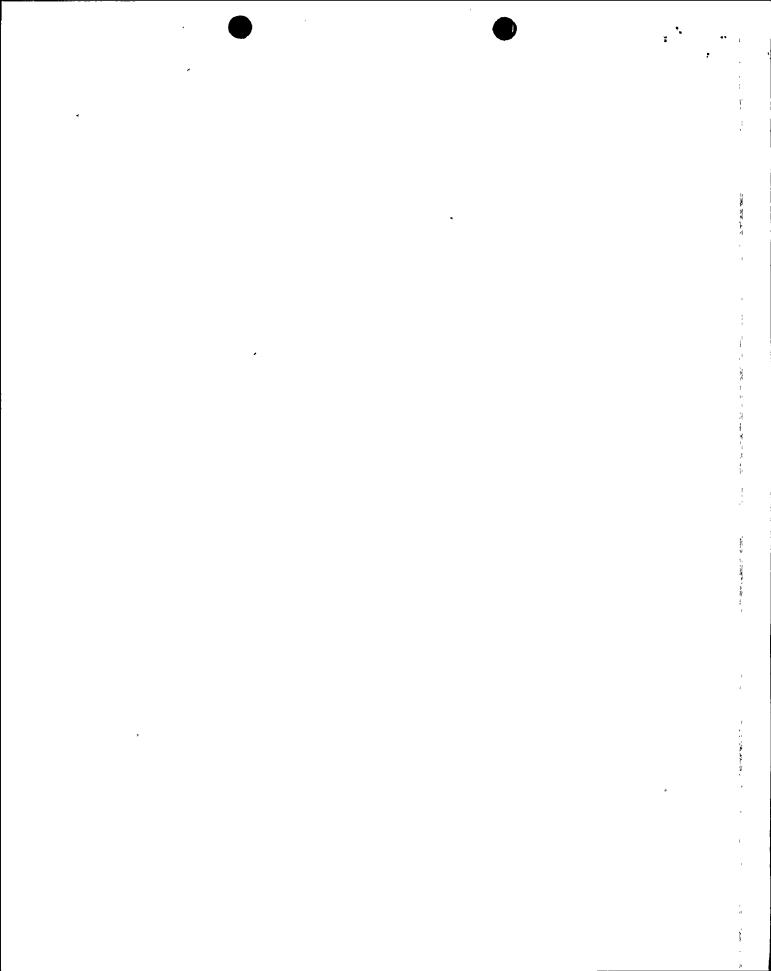
The staff had scheduled a meeting to review Diablo Canyon seismic design calculations and other backup data on December 12, 1977, at the Westinghouse offices in Monroeville, Pennsylvania, However, on December 9, 1977, we had postponed the meeting because Westinghouse had not been willing to have the intervenors' technical consultant accompany the staff as an observer.

We discussed this matter and indicated that it was important to the schedule to resolve the controversy regarding the extent of the intervenors' consultant's participation in this review.

DISCUSSIONS WITH INTERVENOR:

Although the meeting was between the staff and PG&E, an attorney for the intervenors, Mr. David Fleischaker, was present and some discussion between Mr. Fleischaker and the staff took place.

Hr. Fleischaker expressed some concern about whether or not PG&E should be preceding with plant modifications, as it was doing, before the MRC staff's review of the seismic re-analysis was completed. He was concerned that in completing its review of the seismic re-evaluation, the staff's



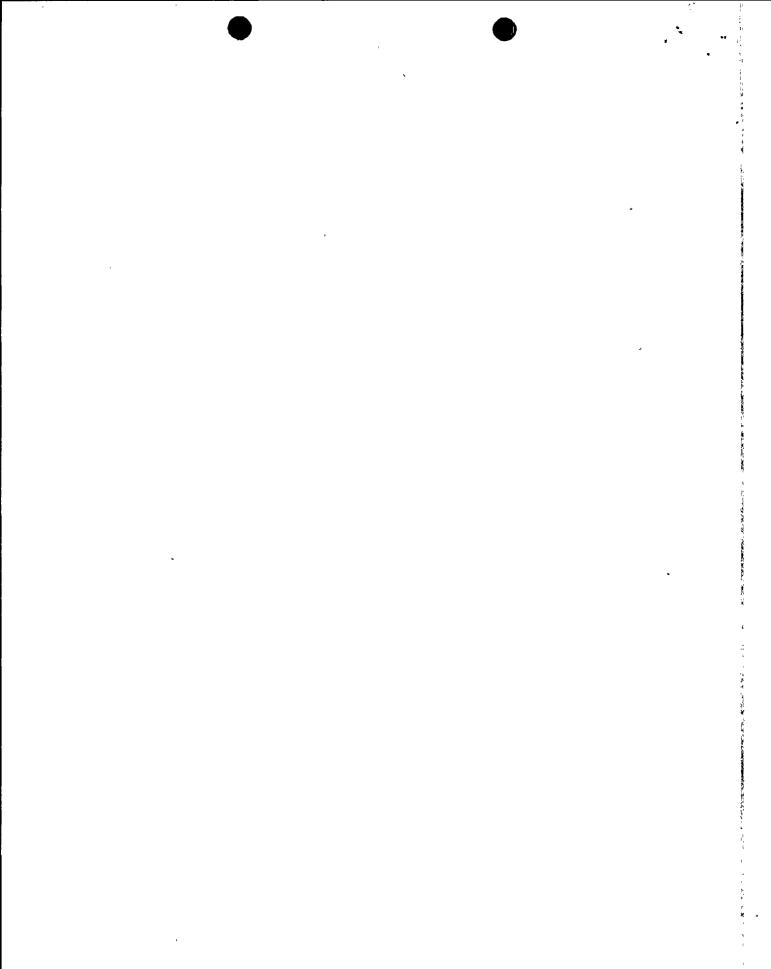
judgment might be affected by the fact that some construction work had already been accomplished. We indicated that the applicant was proceeding at its own risk, attempting to prepare the plant for operation as quickly as possible. The applicant's re-evaluation work had been based on spismic design criteria that the staff had already reviewed and formally approved. This was analogous to the normal practice where a construction permit was issued based upon principal criteria approved by the Commission. The plant final design would then be completed and construction would proceed based on those principal criteria. We were conducting our review of the re-analysis of the final design as rapidly as we could. We expected to finish in 3 to 4 months. In any event, we stated that our judgement would not be affected by the applicant's proceeding with modifications in the meantime.

As had been previously discussed at a meeting on December 6, 1977, PG&E was planning to have a licensing engineer present in Bethesda much of the time for the next few months. He would contact the staff Licensing Project Manager (LPM) frequently in order to learn of staff concerns as quickly as possible and to obtain rapid resolution of these concerns. Hr. Fleischaker objected to this procedure, believing that it might create an atmosphere of undue pressure on the staff. We indicated that, as is normally the case, PG&E's contacts with the NRC staff would be controlled by the LPM. Most contacts would be with the LPM. PG&E would only be contacting reviewers directly in those specific instances where the LPM decided that it would be appropriate. The contacts would be documented. We did not believe that this procedure would create undue pressure on the staff. Mr. Fleischaker provided us a letter on this subject to which we stated we would provide a written response.

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D. Allison, Project Manager Light Water Reactors Branch No. 1 Division of Project Management

Enclosure: Attendees List



LIST OF ATTENDEES

MEETING WITH PACIFIC GAS & CLECTRIC COMPANY

DECEMBER 15, 1977

HRC Staff	-	<u>PG&E</u>	<u>llastinghouse</u>
D. Allison R. DeYoung	•	G. Blanc B. Shakelford	·W. Gangloff
R. Goddard J. Tourtellotte	ia.	M. Furbush J. Schuyler	I All cons
E. Case		F. Moutz H. Gormly	Intervenors' Attorney
4 − 1		J. Hoch	, D. Fleischaker

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ENCLOSURE 3

AND ELECTRIC COMPANY

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77 BEALE STREET, 31ST FLOOR . SAN FRANCISCO, CALIFORNIA 94106 . (415) 781-4211

OHN CI-MORRISSEY L'ALSISTAT AND SEMERAL COURSEL

LCOLM H. FURBUSH
ASSOCIATE GENERAL COUNSEL

PARLES T, VAN OEUSE!
PRILIPA, CRANE, JR.
RENRY J, LAPLANTE
RICHARO A, CLARKE
JOHN B, GIBSON,
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TO THE STATE OF TH

February 8, 1978

Mrs. Elizabeth S. Bowers, Chairman Atomic Safety and Licensing Board U.S. Nuclear Regulatory Commission Washington, D.C. 20555-

Dockets 50-275 50-323

Dear Mrs. Bowers:

This is a reply to the Board's order dated February 1, 1978 in which we were requested to report on the status of the interim operating license application.

At a meeting with the NRC Staff on December 15, 1977 the Staff informed us that they thought the best prospect for an early decision on an operating license was to concentrate on the full term license application rather than the interim license application. Their opinion was based upon the fact that (i) the schedule estimates indicated that a decision on an interim license probably could not be reached much sooner than a decision on the full term application, (ii) reviewing both applications at the same time would delay them both, (iii) an interim license involved a novel approach which could result in extra delays, and (iv) we had informed the Staff that we would have all the modifications resulting from the Hosgri seismic evaluation completed by mid-1978. We indicated to the Staff that we were prepared to accept their judgment on the matter based upon their agreement to give our application top priority (See the meeting summary dated January 23, 1978).

Accordingly, as indicated in Mr. Edson G. Cases' letter dated January 23, 1978, the NRC Staff is now concentrating its review on the full term license. In addition, the Staff is also continuing

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Mrs. Elizabeth S. Bowers, Chairman Atomic Safety and Licensing Board U. S. Nuclear Regulatory Commission February 8, 1978 Page 2.

to review the probabilistic studies submitted in support of the interim operating license application because they "will be useful for the full term license proceedings." In any event, we definitely do not wish to withdraw the interim operating license application because we may wish to reactivate it should review of the full term application be delayed by some presently unknown event.

Very truly yours,

PHILIP A. CRANE, JR.

cc: Service List

