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FEB 28 1978

Docket Nos. 50-275
and 50-323

Anne and John Syer
1921 Hope Street
San Luis Obispo, California 93401

Dear Mr. and Ms. Syer:

I am pleased to respond to your November 29, 1977 letter to Congressman Leon Panetta regarding the cost and feasibility of converting the Diablo Canyon Nuclear Generating Station to a non-nuclear generating station. Congressman Panetta has asked me to respond to your letter directly.

Before I respond specifically to those questions in your letter, I believe that it would be helpful to review the status of the operating license application review for Diablo Canyon.

The Atomic Energy Commission (which preceded the Nuclear Regulatory Commission) granted construction permits for Units 1 and 2 of the station on April 23, 1968 and December 9, 1970, respectively. Both units are essentially now built, and the NRC is currently in the final stages of the hearing process for the operating licenses. At present, a decision regarding the issuance of the operating licenses is scheduled for September 1978.

Since the facility is complete, a conversion to fossil fuel would entail both economic and temporal losses. Some of these losses could be reclaimed through the use of existing, in-place components, since it is possible from an engineering standpoint to re-use such things as the cooling water intake and discharge systems, and the generator system. However, the more expensive reactor-related systems (e.g., the reactor vessels and containment buildings) would have to be dismantled and replaced with fossil fueled boilers. These boilers would have to be custom designed to fit the nuclear plant's turbine design specifications (e.g., temperature and pressure), since those for similarly sized fossil plants are quite different.

These modifications would of course take time and money to complete. Existing components would have to be either salvaged or scrapped, and new components designed, bought, and installed. The loss in power

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generation would also have a significant economic impact since the utility would have to purchase power or utilize oil-fueled facilities. (Pacific Gas and Electric Company has estimated that the operation of both Diablo Canyon's reactors for power generation would save approximately 20 million barrels of oil per year. This translates into approximately $750,000 per day, in current fuel costs.)

Thus, although from a purely technical standpoint Diablo Canyon could be converted into a fossil fuel facility, the economic costs and associated delays would make this an undesirable undertaking.

Your suggestion of converting the facility to fossil fuel is based on the premise that "[c]onverting Diablo is likely to be cost effective because the costs of storing nuclear waste and guarding the spent plant for hundreds of years will not have to be assumed by American taxpayers." This premise is in error in that these costs are included when the cost-benefit balance is struck for the proposed facility. Specifically, when staff compares the energy cost of a nuclear facility with that of a similarly-sized fossil facility, the costs of decommissioning the plant and of storing the spent fuel are very small (viz., approximately 0.1 mill/kWhr and 1 mill/kWhr, respectively) compared to the total cost of power generation (on the order of 50 to 60 mills/kWhr). Thus, these costs are accounted for, and are considered when the conclusion is made as to the overall economics of the facility and its alternatives.

In addition to the above information regarding costs, we are enclosing two documents related to environmental and health effects of using coal for generating electricity.

I hope that the above information is responsive to your needs. We appreciate the opportunity to respond, and hope that you will feel free to contact us if any additional information is needed.

Sincerely,

William J. Dircks
Assistant Executive Director
for Operations

Enclosures:
NUREG-0332 and NUREG-0252

cc: The Honorable Leon E. Panetta
United States House
of Representatives
Washington, D.C. 20515

*For concurrences see previous yellow

*R. Goddard OELD 2/17/78

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Aside from the above comments regarding the feasibility and costs of conversion, I would also like to note that we look into the costs of operating (as well as constructing) the various power source alternatives. Recent estimates of the economic, environmental, and health costs have indicated that nuclear is a superior choice over its next viable alternative, coal. Thus, setting aside conversion cost arguments, per se, nuclear is still the more desirable option when all operating costs are also analyzed.

I hope that the above information is responsive to your needs. We appreciate the opportunity to respond, and hope that you will feel free to contact us if any additional information is needed.

Sincerely,

Enclosure:
NUREG-0332

cc: The Honorable Leon E. Panetta
United States House of
Representatives
Washington, D. C. 20515

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Goddard
2/17/78

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(11-75)

EXECUTIVE DIRECTOR FOR OPERATIONS

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NRC SECRETARIAT

TO:
- [ ] Commissioner _____ Date _____
- [x] Exec. Dir./Oper.
- [ ] Cong. Liaison
- [ ] Public Affairs
- [ ] Gen. Counsel
- [ ] Solicitor
- [ ] Secretary
- [ ] _____

Incoming: Leon E. Panetta, Rep.
From: 16th District, California

To: Kammerer Date 12/22/77
Subject: Re: constituents re; converting the Diablo Canyon nuclear power plant to coal fired generation.

- [x] Prepare reply for signature of:
  - [ ] Chairman
  - [ ] Commissioner _____
  - [x] EDO, GC, CL, SOL, PA, SECY Date due Feb. 10
  - [ ] Signature block omitted
  - [ ] _____
  - [ ] Return original of incoming with response

NOTE: ltr. was held up in OCA waiting for encl from Rep. Panetta Office's

- [ ] For direct reply*
- [ ] For appropriate action
- [ ] For information
- [ ] For recommendation

Rec'd Off. NRR
Date 2/2/78
Time 9:30

Remarks: Cys to: to Ack.

For the Commission: Dave

*Send three (3) copies of reply to Secy Mail Facility

NRC-62 ACTION SLIP

LEON E. PANETTA
16TH DISTRICT, CALIFORNIA

COMMITTEES:
AGRICULTURE
HOUSE ADMINISTRATION

437 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-2861

Congress of the United States
House of Representatives
Washington, D.C. 20515

DISTRICT OFFICES:
380 ALVARADO STREET
MONTEREY, CALIFORNIA 93940
(408) 649-3555

HOLLISTER, CALIFORNIA
(408) 637-0500

SALINAS, CALIFORNIA
(408) 424-2229

SAN LUIS OBISPO, CALIFORNIA
(805) 543-0134

SANTA CRUZ, CALIFORNIA
(408) 429-1976

December 22, 1977

Mr. Carlton Kammerer, Director
Office of Congressional Affairs
The United States Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Kammerer:

I am enclosing a copy of a letter sent to me by two of my constituents, Ann and John Syer of San Luis Obispo, inquiring about the feasibility of converting the Diablo Canyon nuclear power plant to coal-fired generation.

I would appreciate the Commission responding directly to the Syers with any information available on this question. I would also request that I be sent a copy of your response to them.

Thank you.

Sincerely,

LEON E. PANETTA
Member of Congress

LEP:mfb

Nov. 29, 1977

Congressman Leon Panetta
U.S. House of Representatives
Washington, D.C.

Dear Congressman Panetta:

While we realize that the PG&E facility at Diablo Canyon was commenced long before your election to Congress and that you do not intend to intervene in the licensing process, there is a valuable service that you and your staff may provide your constituents regarding this issue. The cost and feasibility of converting Diablo Canyon from a nuclear to a non-nuclear generating plant is deserving of investigation. If such a conversion is feasible, the U.S. Government should substantially underwrite the cost of altering the plant for the following reasons.

1. Converting Diablo is likely to be cost effective because the costs of storing nuclear waste and guarding the spent plant for hundreds of years will not have to be assumed by American taxpayers. Short-term costs of conversion may appear high, but the costs of changing the plant will be small compared to the long-term costs of dealing with the byproducts of nuclear power generation.

2. Since it was once the policy of the AEC to encourage private utilities to use atomic energy, the national government is partially responsible for the creation of plants like Diablo. Rather than force PG&E to absorb all the loss in converting the plant, the government should be willing to contribute financially towards the necessary alterations.

We would be delighted if you were to provide the leadership in a conversion effort, but we would understand your reluctance to promote this plan yourself given your first term status. Whatever course of action you take, we would appreciate your assistance in obtaining the following information.

1. What experts in government (perhaps persons at ERDA, the Department of Energy, or the GAO) can provide information on conversion costs?

2. Which members of Congress are likely to be sympathetic to sponsoring legislation to assist PG&E in converting the plant?

The relatively short span of time during which Diablo will generate electricity may well become the predominant environmental fact about this region for years and years to come. Before this environmental abnormality occurs, a strenuous effort must be made to remove PG&E's present investment as an argument

(cont.)

for beginning operations at the plant. One way to both protect PG&E's investment and curtail long-range burdens on taxpayers is to provide government support for conversion. If licensing is further delayed or even denied, information on conversion will be needed in the public forum.

We have admired your forthright approach to public problems during your year in Congress, and we hope that you are willing to tackle this admittedly controversial issue as well. Your support of this concept and your guidance in acquiring facts about conversion will be profoundly appreciated.

Sincerely,

Anne Syer John Syer

Anne and John Syer
1921 Hope Street
San Luis Obispo, Ca. 93401

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

January 31, 1978

The Honorable Leon E. Panetta
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Panetta:

Thank you for sending Ann and John Syer's letter which was inadvertently omitted from your letter of December 22, 1978. We are referring your letter to the Executive Director for Operations for appropriate action.

Your letter will receive our prompt attention and a reply will be forwarded to you as soon as possible.

Sincerely,

for Carlton Kammerer, Director
Office of Congressional Affairs