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- bcc: Pacific Gas and Electric Company
- H. Denton
- R. Mattson
- V. Stello

OCT 25 1977

Docket Nos. 50-275
and 50-323

Ms. Teresa Danovich
625 Langdon Street
Madison, Wisconsin 53703

Dear Ms. Danovich:

I am pleased to respond to your letter of September 7, 1977 to the Atomic Safety and Licensing Board in which you raised several questions about the Diablo Canyon Nuclear Power Plant. Since it would not be appropriate under current Commission rules for members of a presiding Licensing Board to comment on your questions, your letter was referred to me for reply.

First, I would like to describe the status of the regular, or full term, operating license application. As you noted in your letter, the Hosgri fault passes about 3 1/2 miles offshore from the plant site and its discovery was first published in 1971. Since the plant is located on a foundation of competent rock, there is no reason to be concerned about ground rupture at the plant site due to an earthquake. What we are dealing with is whether or not redesign and modification is necessary for the plant to withstand more severe ground shaking than was considered in the original design.

The NRC staff has requested an analysis to determine what changes, if any, may be necessary to withstand a magnitude 7.5 earthquake on the Hosgri fault. This is a very severe earthquake design basis. The plant's owner, Pacific Gas and Electric Company, is performing this analysis. Then the matter must be reviewed in turn by the NRC staff and the independent Advisory Committee on Reactor Safeguards (ACRS). Finally, the matter will be considered by the Licensing Board in a public hearing.

We are also considering a request for an interim operating license that could allow plant operation while the above noted analysis and modifications are being completed. Additional background information on the interim license consideration is provided in Enclosures 1 and 2 to this letter. This request and the supporting technical information are currently under review by the NRC staff. As with the full term license application, when the NRC staff's review is completed the interim license request must be reviewed by the ACRS and then considered by the Licensing Board at public hearings before a decision can be made.

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With regard to your specific questions, we have not reached any conclusions and so cannot provide opinions on the probabilities of accidents or whether or not the plant is safe for operation. However, the plant will not be licensed until the Commission has found that it is safe for operation.

No significant earthquakes (magnitude 5 or greater) are known to have originated within 10 miles of the plant site since 1934, which is when the networks appropriate to detect and locate such earthquakes in that area began operating. In general, the region surrounding the plant site has experienced relatively little historic seismic activity. The earthquake safety questions here do not arise from high seismicity near the plant. Instead, they are related to the possibility that a large earthquake could occur on the Hosgri fault and, that if one does, it might cause ground shaking at the plant site which is more severe than was considered in the plant's original design.

If the Diablo Canyon plant is licensed to operate, there will be available private insurance and government indemnity totalling up to \$560 million to pay public liability claims for personal injury and property damage resulting from a nuclear incident relating to that facility. Federal law requires that licensees of large nuclear power plants maintain financial protection and government indemnity to satisfy such liability claims. These licensees are presently required by the Commission to maintain \$450 million in financial protection--as a practical matter this is accomplished through private liability insurance--and \$110 million in government indemnity. As more of these reactors are licensed to operate by the NRC, the private funds available to pay claims will increase and government indemnity will decrease. It is our understanding that the private insurance pools involved utilize location factors in calculating premiums for this coverage. If you wish more specific information concerning these insurance premiums, we suggest that you contact Mr. Charles Bardes, Underwriting Manager, Nuclear Energy Liability-Property Insurance Association, 270 Farmington Avenue, Farmington, Connecticut 06032, (203) 677-7306.

The annual fee for government indemnification for any commercial reactor is solely an administrative fee based on the authorized power level of the reactor and not on the location of the reactor. This fee is presently \$12.00 per thermal megawatt. In any event, no operating license would be issued if we were not convinced that the probability of a nuclear incident occurring at the Diablo Canyon facility was very small.

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in all financial dealings.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the sampling process and the statistical methods employed to interpret the results.

3. The third part of the document provides a comprehensive overview of the findings and conclusions drawn from the study. It highlights the key trends and patterns observed in the data and discusses their implications for future research and practice.

4. The fourth part of the document discusses the limitations of the study and the potential sources of error. It also provides recommendations for how these limitations can be addressed in future research to improve the accuracy and reliability of the findings.

5. The fifth part of the document concludes with a summary of the main points and a final statement on the significance of the research. It expresses the hope that the findings will be useful to other researchers and practitioners in the field.

Category	Item 1	Item 2	Item 3	Item 4	Item 5	Item 6
Section 1						
Section 2						
Section 3						
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Section 10						

Ms. Teresa Danovich

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As you requested, a copy of your letter will be included in the record of the hearings.

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

Sincerely,

Original Signed By

E. G. Case

Edson G. Case, Acting Director
Office of Nuclear Reactor Regulation

Enclosures:

1. Ltr to Dr. Maullin from Ben C. Rusche, March 18, 1977
2. Motion for Interim Operating License, August 25, 1977

(Rewritten per OELD)(See previous Yellow for Concurrences)*

ELD

10/11/77

OFFICE >	LWR 1	LWR	GSB	AIG	DPM	NRR
SURNAME >	DAllison/red	DVassallo*	WGammill*	IDinitz*	RSBoyd	EGCase
DATE >	10/ /77	10/07/77	10/11/77	10/12/77	10/ /77	10/ /77

