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OCT 25 1977

Docket Nos. 50-275
and 50-323

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Mr. Gerald D. Davenport
City Manager
City of Stockton
Stockton, California 95202

Dear Mr. Davenport:

I am pleased to respond to your letter of October 3, 1977. You urged operation of the Diablo Canyon Nuclear Power Plant and asked why it cannot be operated.

Construction permits were issued in 1968 and 1970, respectively, for Units 1 and 2 of the Diablo Canyon plant. The reviews at that time were based on the existing knowledge of the region's geology as well as specific investigations for the Diablo Canyon plant. The plant was designed for the site's maximum earthquake potential, as indicated by the construction permit reviews.

In 1971, the existence of the Hosgri fault, which runs about 3 1/2 miles offshore from the plant site, was first published. In 1973 when the operating license application was submitted, the NRC staff requested additional information on the Hosgri fault and detailed investigations began. At that time, the NRC staff did not suspect that the newly discovered fault might pose a seismic threat beyond the plant's design capabilities. Rather, additional information was requested so the fault could be thoroughly evaluated.

The first two years of the operating review were consumed in investigating and evaluating the Hosgri fault. Then the NRC staff and U. S. Geological Survey evaluations indicated that the maximum potential earthquake at the site could be substantially more severe than that for which the plant had been originally designed, necessitating a reanalysis of the plant's seismic design capabilities.

Since last year, construction has been essentially completed for the first of the two units at this site. Also, since last year, the plant's owner, Pacific Gas and Electric Company (PG&E), has been performing an engineering analysis to determine what modifications may be necessary to ensure that the plant can withstand a more severe earthquake than the ones for which it was originally designed. This analysis is time consuming and will not be completed in time to support a decision on the full term operating license before the summer of 1978.

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No enclosures recd.
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Mr. Gerald D. Davenport

A decision on an operating license would be made only after reviews by the NRC staff and the Advisory Committee on Reactor Safeguards (ACRS) are completed and the Atomic Safety and Licensing Board (ASLB) has considered the matter at public hearings.

On the other hand, it might be possible to reach a decision on an interim operating license by early 1978. This possible approach was outlined by the NRC staff in a letter to the California Energy Resources Conservation and Development Commission on March 18, 1977, (Enclosure 1). PG&E requested such an interim license on August 25, 1977 (Enclosure 2). This request and the supporting technical information are currently under review by the NRC staff on an expedited basis. As with the full term license application, after the NRC staff's review is completed the matter must be reviewed by the ACRS and then considered by the ASLB at public hearings before a decision can be made.

I can assure you that the NRC is working as expeditiously as possible to resolve the seismic safety questions without losing sight of the primary consideration in the matter - the public health and safety.

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

Sincerely,

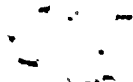
Original Signed By
E. G. Case

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

Enclosures:

1. Letter to California Energy Resources Conservation and Development Commission dated 3/18/77
2. Interim License Application dated 8/25/77

OFFICE >	LWR 1	LWR 1	LWR	ELD	DPM	NRR
SURNAME >	EHyton/red DATTison	JStolz	DBVassallo		RSBoyd	EGCase
DATE >	10/ /77	10/ /77	10/ /77	10/ /77	10/ /77	10/ /77



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