Docket File

MAR 18 1977

bcc: Pacific Gas and Electric Company
ATTN: Mr. John C. Morrissey
Vice President and General Counsel
77 Beale Street
San Francisco, California 94106

Docket Nos. 50-275
and 50-323

Dr. Richard L. Maullin, Chairman
Energy Resources Conservation and
Development Commission
1111 Howe Avenue
Sacramento, California 95825

Dear Dr. Maullin:

I am pleased to respond to your telegram of March 10, 1977, to Chairman Rowden. You described certain activities undertaken by the Energy Resources Conservation and Development Commission and its staff regarding the energy supply and water drought situation in California and inquired about the procedures to be followed by the Nuclear Regulatory Commission (NRC) in making a final determination relating to licensing of the Diablo Canyon plant for operation. This case is under consideration by an Atomic Safety and Licensing Board. Since any decision or ruling by the licensing board is subject to review by the Commission, it would not be appropriate for the Commissioners to comment on the matter at this time. Accordingly, your telegram was referred to me for reply.

The application from the Pacific Gas and Electric Company (the licensee) for full term (40 years from the date of the construction permits) operating licenses for Units 1 and 2 of the Diablo Canyon facility has been under review by the NRC staff since October 1973. The basic reason that the review is not complete is the need for the licensee to complete a seismic reassessment program designed to determine the extent to which the plant can safely withstand a more severe seismic event than that used as a design basis for the facility at the construction permit stage. The possible occurrence of the more severe seismic event is based upon evidence that came to light after issuance of construction permits for the two units in 1968 and 1970, respectively.

The licensee has informed us that, except for completion of its seismic reassessment program, Unit 1 of the Diablo Canyon plant will be physically complete and ready for operation in April or May of this year. The licensee estimates that the seismic reassessment program can be completed and resolved to the satisfaction of the NRC staff, the Advisory Committee on Reactor Safeguards (ACRS), and the NRC Atomic Safety and

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Licensing Board so as to permit issuance of a fuel loading license in October of this year, and issuance of a full term license for power operation in January 1978. We believe that Unit 1 can be made ready for operation in the spring of this year, except for final resolution of the seismic matter, but we believe that resolution of that matter, to the degree needed to permit a decision on fuel loading and issuance of a full term license for power operation, could require more time than predicted by the licensee. We believe that if the licensee's present schedule for submission of the results of its seismic reassessment program is maintained, a decision on issuance of the full term license for Unit 1 would occur in the summer of 1978.

The licensee estimates that Unit 2 will be physically complete in December 1977, except for resolution of the seismic matter, and that the seismic matter will be resolved on a time scale that will permit fuel loading and issuance of a full term license a few months after similar actions are taken for Unit 1. We believe that a decision on fuel loading and issuance of a full term license for Unit 2 could occur a few months after a decision on Unit 1, but that the decision will likely occur in the latter half of 1978.

There is a possible alternative approach that could result in an NRC decision on an interim (as distinguished from full term) operating license for operation of Diablo Canyon Unit 1 before the end of 1977, if action is initiated promptly. The authority to grant such a license is set forth in Section 50.57 of 10 CFR Part 50, in conjunction with other regulations addressing radiological safety and environmental matters associated with the issuance of licenses. This approach would generally consist of the following:

(1) An appropriate request by the licensee for an interim license, pending final resolution of the seismic matter through completion of the attendant adjudicatory proceedings for a full term license by the Atomic Safety and Licensing Board. The request would need to demonstrate the need to consider such an action.

(2) Submittal of information and analyses by the licensee to demonstrate that the requisite level of safety would be assured during the period of the interim license. This information should include all available results of the seismic reassessment program, supported by: (a) a realistic assessment of the probability of large earthquakes in the site environs and the probability of the plant to withstand such earthquakes without failures of structures and equipment sufficient to lead to unacceptable radiological consequences to the public; (b) a commitment by the licensee to make

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any changes to the design determined to be necessary on the basis of the continuing seismic reassessment program; and (c) an evaluation of the practicality of making the needed changes to a plant which has been in operation during the term of the interim license. If adequate information were provided by the licensee on these issues, the staff would be prepared to promptly develop a Safety Evaluation Report setting forth its conclusions on the acceptability of such an interim license for consideration by the ACRS and by the Atomic Safety and Licensing Board.

(3) Review and a report on the proposed interim license by the ACRS.

(4) Consideration of interim licensing by the Atomic Safety and Licensing Board.

As noted previously, the approach described above has the potential of leading to an NRC decision on issuance of such an interim license for Diablo Canyon Unit 1 in the latter part of 1977 if action is initiated promptly by the licensee and is supported by the timely submittal of requisite technical information and analyses.

In summary, we believe that, if the licensee's present application for a full term license continues to be prosecuted vigorously, an NRC decision on Diablo Canyon Unit 1 will be reached about the middle of next year. However, if appropriate application is made and justified, we believe it is possible that a decision on whether to issue an interim license could be reached by the end of this year.

I hope that this response to your telegram of March 10 is of assistance to your Commission in its deliberations.

Sincerely,

Ben C. Rusche, Director
Office of Nuclear Reactor Regulation

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*SEE ATTACHED YELLOW FOR PREVIOUS CONCURRENCES:

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SURNAME➤	RcdeYoung:sjh	RSBoyd	MGrossman	EGCase	BCRusche	
DATE➤				3/ /77	3/ /77	

Western Union Telegram

LLC025 WAB283(2046)(2-057878E069)PD 03/10/77 2046 1977 MAR 11 AM 4:48

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PMSMARCUS ROWDEN CHAIRMAN NUCLEAR REGULATORY COMMISSION , RDM,

REPORT DELIVERY BY MAILGRAM, DLR

1717 H ST NORTHWEST

WASHINGTON DC 20555

DEAR MR CHAIRMAN THE CALIFORNIA ENERGY COMMISSION AT ITS BUSINESS MEETING OF MARCH 9, 1977 UNAMIMOUSLY APPROVED A MOTIONDIRECTING THE COMMISSION STAFF TO PREPARE AN ORDER TO THE STATES ELECTRIC UTILITIES REGARDING ENERGY SUPPLY MEASURES DURING THE WATER DROUGHT IN CALIFORNIA.

ASPART OF THE FORTHCOMING ORDER,THE COMISSION WILL EXPRESS ITS DESIRE TO SEE THE MOST EXPEDITIOUSDECISIONON AN OPERATING LICENSE FOR THE PACIFIC GAS AND ELECTRIC COMPANY'S DIABLO CANYON NUCLEAR PLANT.IN THIS REGARD,WE WISH TO INQUIRE ABOUT THE PROCEDURES TO BE

WESTERN UNION Telegram

(2046) (2-057878E069) PAGE TWO

1977 MAR 11 AM 4:

FOLLOWED BY THE NUCLEAR REGULATORY COMMISSIONTO MAKE A FINAL
DETERMINATION ON THIS CASE
THIS INFORMATION WOULD BE OF GREAT VALUE TO THE STATES REGULATORY
AUTHORITIES AND NORTHERNCALIFORNIA ELECTRICAL CONSUMERSFOR
ESTIMATING THE ROLEDIABLO CANYON MIGHT PLAY IN THE STATES
ELECTRICAL CAPACITY MIX DURING THE CURRENT DROUGHT AND IN MEETING
NEXT YEARSDROUGHT CONSTRAINED ELECTRICITY NEEDS SINCERELYYOURS
RICHARD L. MAULLIN CHAIRMAN CALIFORNIA ENERGY COMMISSION
(1111 HOWE AVE SACRAMENTO CA 95825)
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