

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

*Ennis 2*  
*ED*

DISTRIBUTION:  
Docket File (ENVIRON)  
NRC PDR  
LPDR  
EDO Reading  
DSE Reading  
EP-1 Reading  
SECY 78-0219 (3)  
OELD  
IE (5)  
LVGossick  
ECase  
DCrutchfield  
RBoyd  
RMattson  
VStello  
HDenton  
DMuller  
OCA  
VMoore  
GKnighton  
JJackson  
MSlater  
Gertter(EDO 3254)  
MBridgers  
MJambor

OFFICE >						
SURNAME >						
DATE >						



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,

(Signed) William J. Dickls  
William J. Dickls  
Assistant Executive Director

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

\* OELD  
R. Goddard

OFFICE >	DSE:EP-1	DSE:EP	DSE	NRR	EDO	2/1/78
SURNAME >	*JJackson:aj GWKnighton	VAMoore	DMuller HDenton	EGCase	LVGossick	CA
DATE >	2/16/78	2/16/78	2/17/78	2/1/78	2/1/78	2/1/78

[Faint, illegible text covering the majority of the page, possibly bleed-through from the reverse side.]

OFFICE OF THE ATTORNEY GENERAL

STATE OF TEXAS	COUNTY OF [illegible]	OFFICE OF THE ATTORNEY GENERAL	ATTORNEY GENERAL	CLERK OF COURTS	CLERK OF COUNTY CLERK
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]