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AUTH. NAME      AUTHOR AFFILIATION  
RUEGER, G.M.      Pacific Gas & Electric Co.      *See Environ. Reports*  
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SUBJECT: Responds to 960607 ltr which requested info re 950512 rept from State of CA Regional Water QC Board for Central Coast Region. Updates NRC on recent Regional Board activities re issues relating to NPDES permit. Ocean Water Studies, encl.

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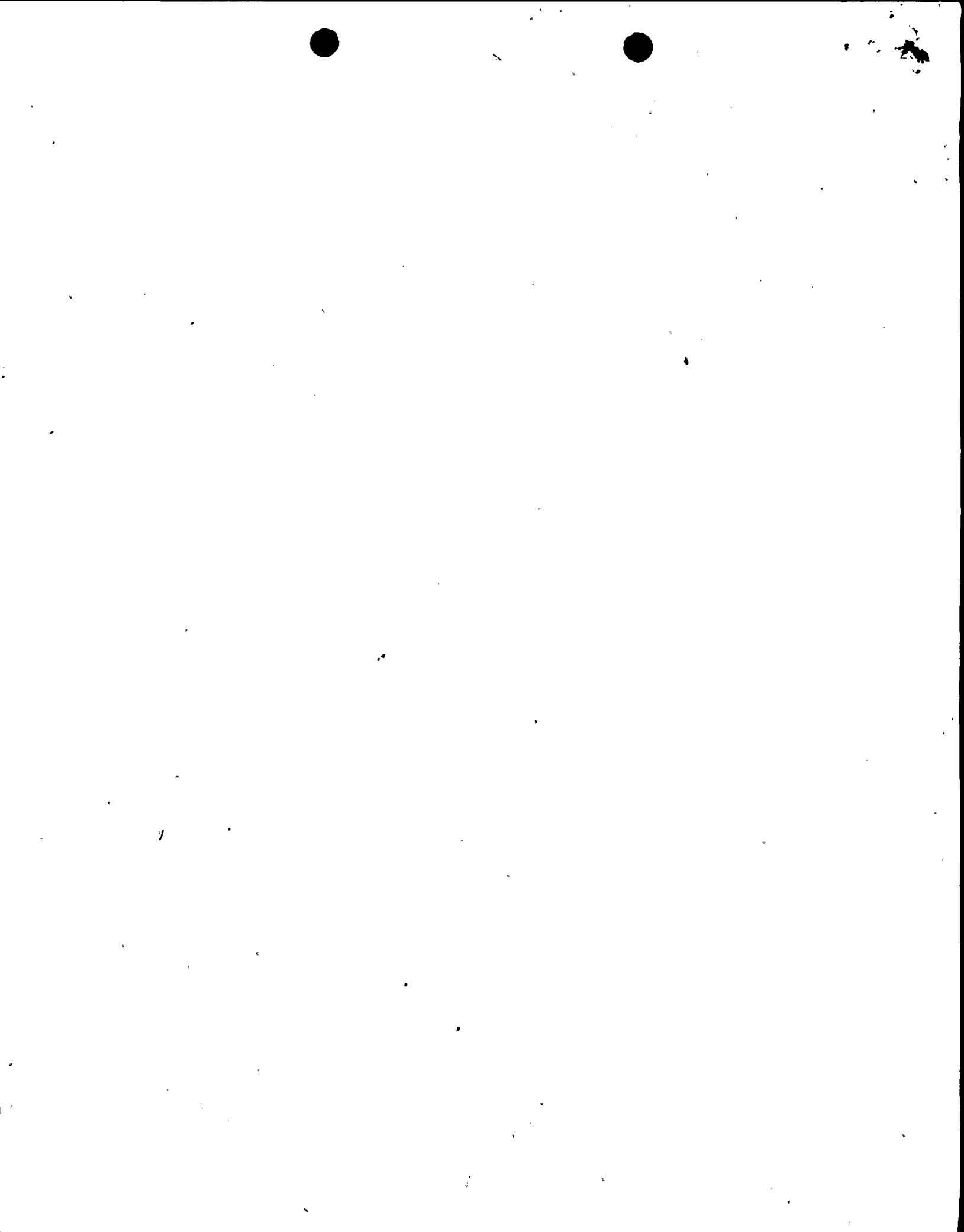
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Pacific Gas and Electric Company

245 Market Street, Room 937-N9B  
San Francisco, CA 94105

*Mailing Address*  
Mail Code N9B  
P.O. Box 770000  
San Francisco, CA 94177  
415/973-4684 Fax 415/973-2313

Gregory M. Rueger  
Senior Vice President and  
General Manager  
Nuclear Power Generation

August 5, 1996

PG&E Letter DCL-96-166



U.S. Nuclear Regulatory Commission  
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Docket No. 50-275, OL-DPR-80  
Docket No. 50-323, OL-DPR-82  
Diablo Canyon Units 1 and 2  
Request for Update of Environmental Report for Diablo Canyon, Units 1 and 2

Dear Commissioners and Staff:

This letter responds to the NRC letter, dated June 7, 1996, that requested information concerning a May 12, 1995, report from the staff of the State of California Regional Water Quality Control Board for the Central Coast Region (Regional Board). The Regional Board is the agency that issues the National Pollutant Discharge Elimination System (NPDES) permit required for operation of PG&E's Diablo Canyon Power Plant (DCPP). This letter also updates the NRC generally on recent Regional Board activities regarding issues relating to the NPDES permit involving water quality and aquatic biota since the NRC relies on the Regional Board for resolution of such issues pursuant to Section 2.1 of Appendix B (the Environmental Protection Plan (EPP)) of DCPP's operating licenses.

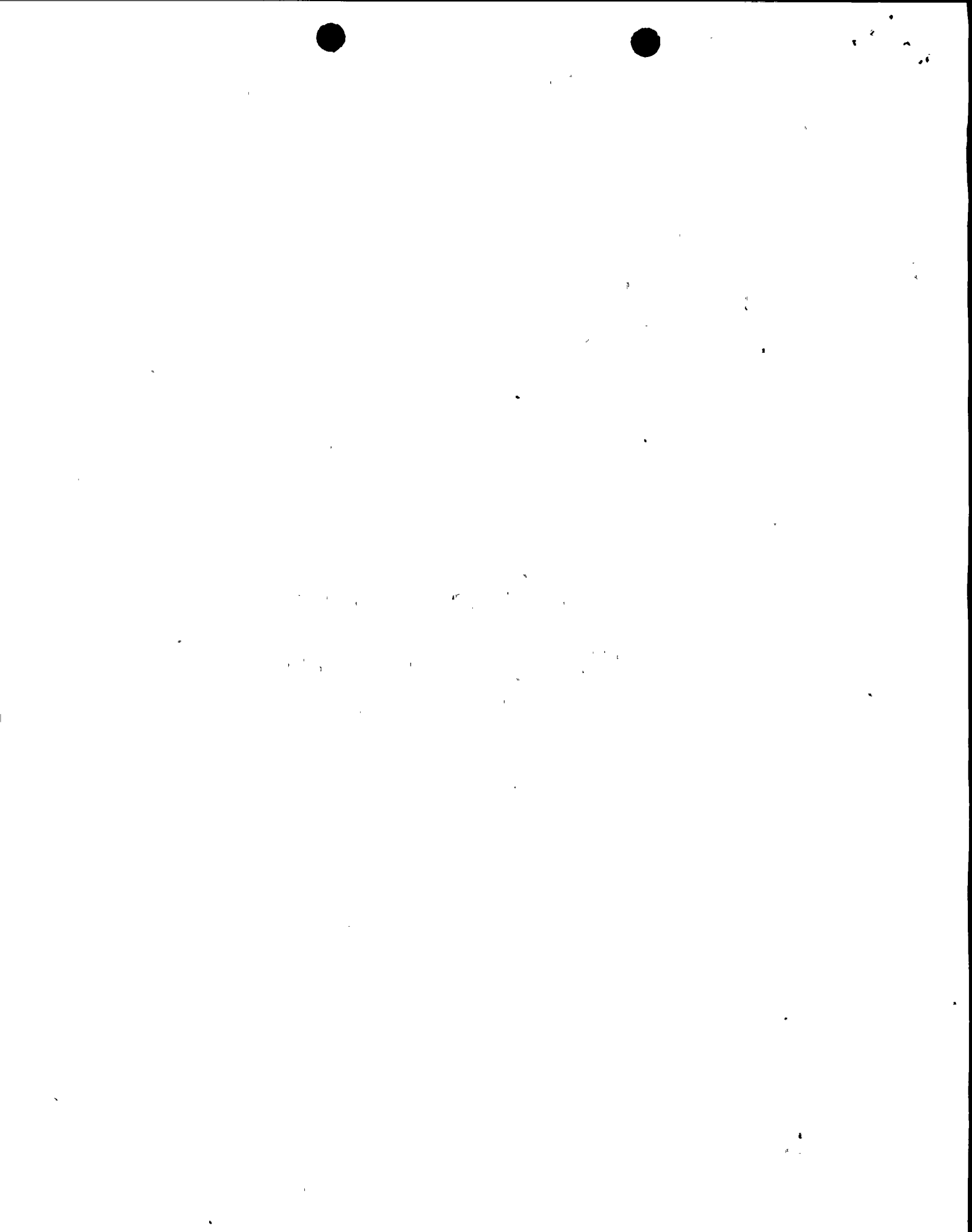
The June 7, 1996, NRC letter asked for specific information concerning (1) the Regional Board's activities concerning PG&E's Thermal Effects Monitoring Program (TEMP) for the thermal discharge from the plant, and (2) the Regional Board's activities concerning the potential environmental impacts of the plant's intake structure on marine organisms drawn into, or "entrained" by, the cooling water system. The current status of each of these issues is summarized below.

Thermal Effects Monitoring Program

As the May 12, 1995, Regional Board staff report noted, PG&E has conducted the TEMP at DCPP for over 18 years. Data from the program were summarized and analyzed in a comprehensive report submitted to the Regional Board in April 1988, and in annual reports submitted under letter to the Regional Board each year since that time. Copies of the 1988 letter and attached comprehensive

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TEMP report, as well as the subsequent letters and attached annual TEMP reports, were submitted to the NRC at the same time the letters were sent to the Regional Board. The following is a listing of the letters sent to the Regional Board and the NRC by PG&E.

PG&E Letter	Date Submitted to Regional Board	General Description
DCL-88-108	April 29, 1988	Final TEMP Report
DCL-90-111	April 26, 1990	TEMP - 1989 Annual Report
DCL-91-069	April 1, 1991	TEMP - 1990 Annual Report
DCL-92-070	March 26, 1992	TEMP - 1991 Annual Report
DCL-93-067	March 25, 1993	TEMP - 1992 Annual Report
DCL-94-062	March 25, 1994	TEMP - 1993 Annual Report
DCL-94-081	April 20, 1994	Addendum to the TEMP - 1993 Annual Report
DCL-95-069	March 31, 1995	TEMP - 1994 Annual Report
DCL-96-046	February 16, 1996	EMP - 1995 Summer and Fall Surveys

The Regional Board staff report concluded that the design of PG&E's TEMP is statistically and scientifically valid and that the annual TEMP reports submitted to the Regional Board contain much of the detailed analyses necessary to describe the ecological changes caused over time by the thermal discharge in the vicinity of Diablo Cove. Based on these conclusions, in February 1995 the Regional Board approved PG&E's Ecological Monitoring Program (EMP), authorizing a reduced level of monitoring, subject to PG&E updating its 1988 comprehensive TEMP Report to take into account data collected between 1987 and 1995. PG&E's updated comprehensive thermal effects analysis is being coordinated and reviewed by a multi-agency workgroup as well as independent consultants to the Regional Board and is scheduled for completion in 1997.

A summary of the status of PG&E's updated thermal effects analysis will be provided to the NRC in PG&E's annual non-radiological environmental operating reports that are submitted pursuant to Section 5.4.1 of the EPP. A copy of the report discussing the results of the comprehensive thermal effects analysis will also be provided to the NRC as required under Section 3.2 (i) of the EPP. Additionally, the NRC will be provided courtesy copies of the Semi-Annual EMP Status Reports.

For the NRC's reference, PG&E is attaching to this letter a copy of the summary report on Diablo Canyon Power Plant Ocean Water Studies which was provided to the Regional Board in 1995 and which was attached to the May 12, 1995, Regional Board staff report referenced in the NRC's June 7, 1996 letter (Enclosure 1). Although this report is only a summary of the results of numerous extensive and detailed scientific



ocean water studies conducted over the last 18 years, PG&E is willing to provide the NRC staff with an informal briefing on the details behind this summary at any time.

The June 7, 1996, NRC letter noted a reference by the May 12, 1995, Regional Board staff report to the "premature senescence" of bull kelp fronds caused by thermal effects beyond the probable zone of initial dilution in Diablo Cove. As PG&E noted in the June 25, 1996, conference call with NRC staff on this matter, the existence of the thermal plume outside of Diablo Cove and the effects of the plume on the tops of kelp ("premature senescence") were previously noted as an expected result in the 1973 Final Environmental Statement (FES) and 1976 Addendum, as well as in the annual TEMP reports filed with the NRC. The Regional Board staff report included a qualitative observation that in some years the early senescence of kelp was observed as far as 3000 feet outside the Cove. However, as the Regional Board staff also noted, whether this effect is ecologically significant or insignificant will be dealt with in PG&E's report discussing the results of the comprehensive thermal effects analysis.

#### Potential Entrainment Impacts

In regard to the potential entrainment impacts of Diablo Canyon's cooling water intake structure, in 1988 PG&E submitted to the Regional Board its demonstration study assessing the best technology available for the intake structure of the plant under Section 316(b) of the Clean Water Act. A copy of this study was submitted to the NRC pursuant to Section 3.2 of the EPP. Although this study concluded that Diablo Canyon was utilizing the "best technology available" for minimizing the environmental impacts of its cooling water intake structure, PG&E agreed with the Regional Board staff and the California Department of Fish and Game in 1989 and 1990 to continue reviewing and quantifying the potential impacts on larvae entrained by the system. In connection with these subsequent reviews, PG&E scientists and consultants raised questions in 1992 regarding the sampling location used in the entrainment studies and certain data related to the sampling location that had not been included in the 316(b) report.

After reviewing the matter, PG&E submitted the data to the Regional Board. PG&E also agreed with the Regional Board to reperform the entrainment portion of the 316(b) study and to evaluate whether the results would change any of the conclusions of the 316(b) study regarding entrainment impacts.

Separately, the Regional Board, through the California State Attorney General's office, is conducting an investigation concerning whether or not PG&E's failure to include certain data in the original 316(b) report constituted a violation of the NPDES permit. The United States Department of Justice (DOJ) has recently joined the Attorney General's investigation. Although the Attorney General and DOJ have not formally initiated an enforcement action against PG&E, they have proposed a resolution of this



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matter which involves the payment by PG&E of civil penalties and mitigation project costs. This same issue is also the subject of three civil lawsuits brought by private parties. PG&E has fully cooperated with the Government's investigation and has been in discussions with the Attorney General, the DOJ, and the private parties concerning the disposition of this matter. PG&E believes that it has complied with all legal requirements concerning its obligations under the NPDES permit. Any violations of PG&E's NPDES permit will be reported to the NRC as required by Section 3.2 of the Environmental Protection Plan. In addition, as stated in the NRC's March 27, 1996, letter, PG&E understands its responsibilities under 10 CFR 50.9 to provide the NRC with information that is complete and accurate in all material respects in support of its licensing applications, and will assure that such information continues to be complete and accurate in all material respects in light of the results of the additional entrainment study and the enforcement investigation.

As with the updated comprehensive thermal effects analysis, PG&E's entrainment study is being coordinated and reviewed by a multi-agency working group and independent consultants to the Regional Board. Completion of the entrainment study is scheduled for 1999. PG&E will include periodic updates on the study in its annual environmental operating reports. PG&E will provide the NRC a copy of this report upon completion and, in the interim, also is willing to provide the NRC staff with an informal briefing on the status of the entrainment study at any time.

#### NPDES Permit Renewals, Modifications, and Changes

PG&E's NPDES permit is subject to renewal by the Regional Board every five years. PG&E's timely application for a renewal for the period July 1, 1995 through June 30, 2000, has not been acted on by the Regional Board, pending completion of the comprehensive thermal effects analysis discussed above. As a consequence, under the regulations implementing the Clean Water Act, PG&E's existing NPDES permit continues in full force and effect by operation of law until such time as the Regional Board acts on the renewal request. During this period, PG&E will continue to operate the plant in full compliance with the terms and conditions of the existing NPDES and state water quality permits and will report any changes or additions to the permits to the NRC as required by Section 3.2 of the EPP.

Following receipt of the NRC's letter of June 7, 1996, PG&E performed a review of correspondence to the NRC relating to the NPDES permit since issuance of the 1990 renewed permit and has determined that it may not have fully complied with its obligation under Section 3.2 to report to the NRC all changes and additions to the NPDES or state water quality permit. In particular, the NRC was not provided copies of two letters sent from PG&E to the Regional Board. These letters are identified below.



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U.S. Nuclear Regulatory Commission

August 5, 1996

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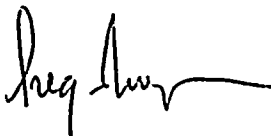
PG&E Letter	Date of Letter	General Description
DCL-93-117	May 13, 1993	Removal of Intake Screen Wash System Refuse Collection Baskets
DCL-96-500	March 11, 1996	Notification of Re-routing of Discharge 002

Additionally, a modification to PG&E's NPDES permit was approved by the Regional Board on February 10, 1995, to revise PG&E's Monitoring and Reporting Program, including the new EMP. The change was reported in PG&E's April 30, 1996, Annual Non-radiological Environmental Operating Report (PG&E Letter DCL-96-512, dated April 30, 1996), but not within 30 days after the date the permit modification was approved and effective. Also, the Regional Board issued a letter dated January 4, 1996, to clarify several requirements in the NPDES permits revised Monitoring and Reporting Program that was not subsequently reported to the NRC.

PG&E's review indicates that these omissions were due to personnel error. The letters not previously provided to the NRC are included as Enclosure 2.

PG&E believes the above information is responsive to the NRC's request for an update of the Environmental Report for Diablo Canyon, Units 1 and 2. PG&E would be pleased to provide any additional information at the NRC's request regarding implementation of the EPP included in Appendix B to PG&E's Diablo Canyon licenses.

Sincerely,

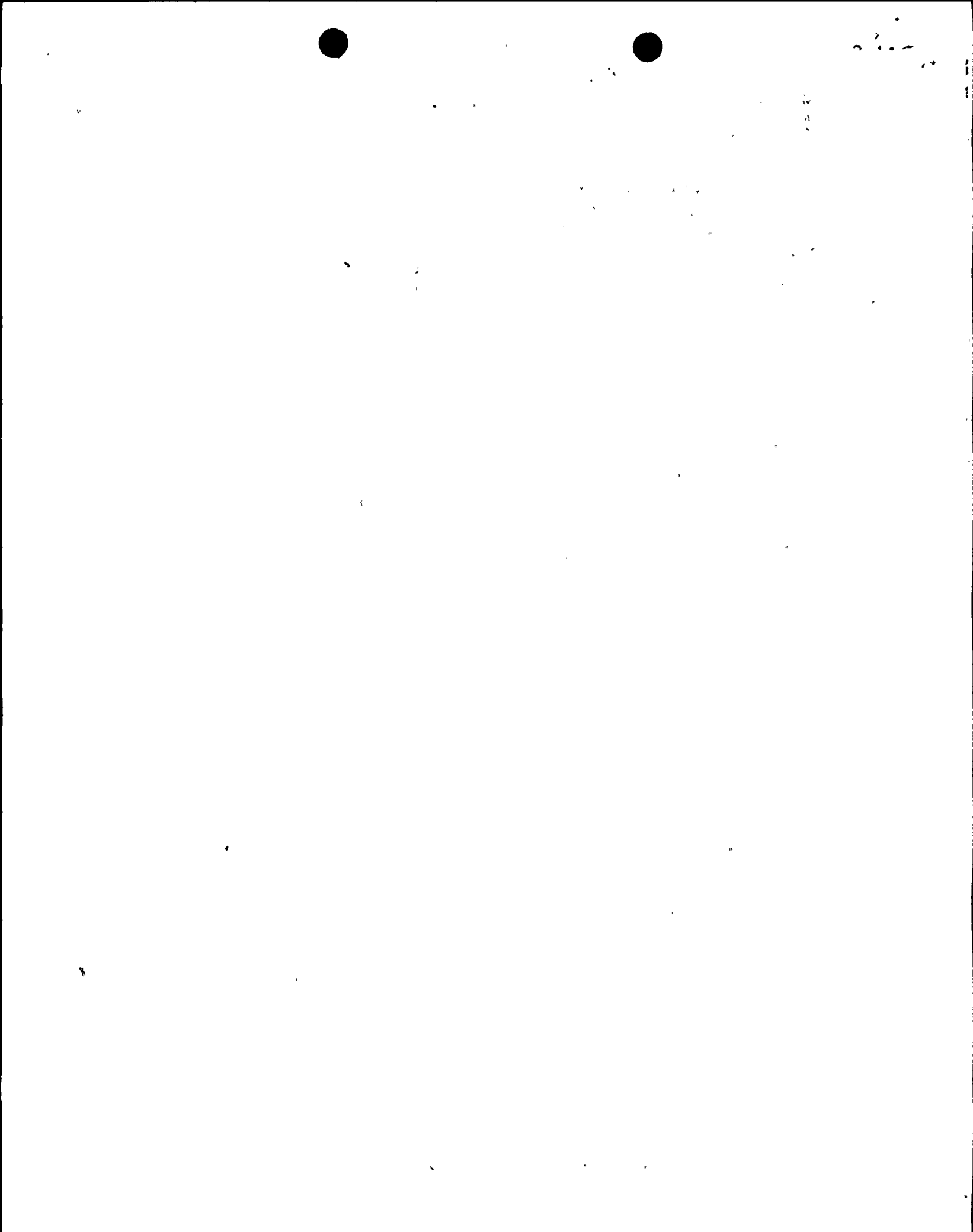


Gregory M. Rueger

Enclosures

cc: Steven D. Bloom  
L. J. Callan  
Kenneth E. Perkins  
Michael D. Tschiltz  
Diablo Distribution

ALN/3150



ENCLOSURE 1

**DIABLO CANYON POWER PLANT  
OCEAN WATER STUDIES  
SUMMARY 1975-1994**

50-275

PG&E

DIABLO CANYON 1

RESPONSE TO REQUEST FOR UPDATE OF THE  
ENVIRONMENTAL REPORT.

REC'D W/LTR DTD 08/05/96....9608130195

