



SMUD

SACRAMENTO MUNICIPAL UTILITY DISTRICT □ P. O. Box 15830, Sacramento CA 95852-1830, (916) 452-3211
AN ELECTRIC SYSTEM SERVING THE HEART OF CALIFORNIA

GM 89-954

December 27, 1989

Dr. Thomas E. Murley, Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Dear Dr. Murley:

**SUBJECT: CLOSURE OF RANCHO SECO NUCLEAR GENERATING STATION,
DOCKET NO. 50-312**

Your letter of November 27, 1989, summarizes the NRC's understanding of our intentions regarding the closure and decommissioning of the Rancho Seco Nuclear Generating Station, and outlines the associated regulatory process. I appreciate your effort to summarize the situation, since our staffs have had numerous meetings and other communications on these subjects. Premature closure of a large reactor is not a routine licensing experience for the NRC, and the new decommissioning regulations largely were written to apply to plants which experience a routine, 40-year operating life. In the same spirit, this letter adds to your summary of our plans, and identifies subjects on which we believe further discussion is warranted.

SMUD Licensing Plan

As you know, Rancho Seco is closed pursuant to a June 6, 1989, referendum of District voters, and on September 11, 1989, the District's Board of Directors terminated efforts to sell the plant for operation as a nuclear generating station. Defueling of the reactor vessel is complete. In the working meeting between SMUD and NRC staff members on October 11, 1989, a four-phase licensing plan was presented by the District. As stated in your letter, we acknowledge that Rancho Seco is bound by the operating license issued by the NRC, and until formal regulatory relief is obtained, SMUD intends to maintain the plant in accordance with license requirements. In addition, SMUD intends that there will be an adequate number of properly trained staff to assure safety at the facility.

1. The first phase involves what you describe as relief from existing commitments for plant improvements and requests for near-term license amendments to reduce some of the

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requirements that are not applicable to a defueled reactor. Our review of commitments was submitted on November 29, 1989, and on the same date a license amendment was filed which would prohibit refueling the reactor without prior NRC approval. Consistent with this license amendment, the District intends to submit by December 31, 1989, proposed changes in the areas of emergency preparedness, training and security.

As a part of this phase of the licensing plan, SMUD staff agreed at the October 11, 1989, meeting, that in view of possible NRC staff concerns on segmented decommissioning, we would maintain required systems operable for the plant status, and would implement appropriate interim preservation of systems.

2. The second phase of our licensing plan calls for the submission of a "possession only" license amendment application by April 30, 1990. This would be accompanied by further proposed changes in emergency preparedness, security and training programs. Further staff reductions would be implemented when these changes are approved. The maintenance and surveillance of plant systems other than those required to maintain spent fuel pool integrity would be unnecessary at this point. Amending the license to "possession only" status is simply an appropriate recognition of the plant's already permanently shutdown status. Achieving license requirements consistent with that status is the important objective at this point. While the basis for Phase 1 is that the reactor is defueled, the basis for Phase 2 is that the plant has permanently ceased operations.
3. On or before July 26, 1990, the District will submit its decommissioning funding plan as required by NRC regulations. As support for the cost estimate in the plan, we currently contemplate that the funding plan will include a general description of our plans for ultimate disposition of the facility.
4. The fourth and final phase will be the submission of the Rancho Seco decommissioning plan no later than June 1, 1991, with an accompanying environmental report and application for termination of license. This would comply with NRC regulatory requirements that a plan be filed within two years following permanent cessation of operations. If we can improve upon this schedule, we will do so. However, as you state in your letter, the decision to decommission Rancho Seco was unexpected. Development of the decommissioning plan may well take the two years which your regulations permit even for a plant which could have anticipated its schedule for cessation of operations.

NRC Review

Your letter appropriately distinguishes the safety and environmental requirements which apply to the closure and decommissioning of Rancho Seco. On the safety side, you state that "the general criterion for processing relief requests will be an evaluation to determine whether the action is relevant to nuclear safety while the reactor is defueled." The District agrees that this is the appropriate safety standard for review of Phase 1 of the licensing plan. For Phase 2, the standard should also recognize that the plant has permanently ceased operation. In addition, we acknowledge your statement that "decommissioning may not commence without NRC approval."

The District is concerned, however, with the standards discussed in the last paragraph of your letter. Consistent with our own understanding of the words "decommissioning" and "the proposed action," the District agrees with your statement that ". . . NRC regulations do not permit segmented decommissioning of the plant by a process that bypasses regulatory requirements to evaluate the full scope of the proposed action." Next, however, you indicate that before initiating "irreversible phases toward decommissioning," SMUD needs NRC review and approval of the decommissioning plan and a supplemental environmental report. Again, depending upon how these words are interpreted, we may or may not have a disagreement.

Our communications with NRC staff members would indicate that we have a potential difference of opinion on the implementation of the NRC's NEPA responsibilities in connection with the closure and decommissioning of Rancho Seco. In our view, "decommissioning" does not include the District's decision to close the plant and relief requested which is consistent with a closed plant. It is my understanding that the NRC staff is in the process of developing its position on the scope of the environmental review which should accompany our licensing plan. Since I know the agency has been provided with other views, I take this opportunity to state our position that the environmental review of decommissioning does not include the impacts of and alternatives to plant closure. Consequently, we believe that none of the relief to be requested in Phase 2 of our licensing plan would constitute segmented decommissioning. Our staff believes that the relief requested in Phase 1 of our plan meets any interpretation of your letter and is not affected by the outcome of this discussion.

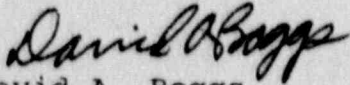
The District's attorneys are preparing a legal analysis of the NRC's environmental review which we believe should apply to the District's licensing plan. This will be submitted to the NRC General Counsel under separate cover. I hope that it is helpful to the NRC in navigating what has been referred to as "unchartered waters." The District is committed to the safe and orderly closure and decommissioning of Rancho Seco. However, we owe it to our ratepayers to do so economically and efficiently. The District is

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not willing to agree to spend millions of dollars to maintain the plant in a suitable for restart condition until a decommissioning plan is approved in 1993 or later, when such an effort is not required by law.

We are anxious to discuss these matters further with the NRC at any level at any time.

Sincerely,



David A. Boggs
General Manager

cc: Chairman Kenneth M. Carr
Commissioner Thomas M. Roberts
Commissioner Kenneth C. Rogers
Commissioner James R. Curtiss
Commissioner Forrest J. Remick
Mr. James Taylor, Executive Director for Operations
Mr. Jack B. Martin, Regional Administrator
William C. Parler, Esq., General Counsel