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JOHN T. CONWAY  
SVP - Energy Supply & CNO

*R. Baldwin*  
J. Post  
T. Jones  
J. Becker

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

July 23, 2010

Mr. Adam Hill  
San Luis Obispo County Board of Supervisors  
1055 Monterey  
Room D430  
San Luis Obispo, CA 93408

Dear Supervisor Hill:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter of February 7, 2010, and the Board of Supervisors' letter of March 9, 2010. In the letters, you requested that the NRC wait to begin processing the license renewal application for the Diablo Canyon Power Plant, Units 1 and 2 (DCPP), until State-requested seismic studies have been completed. In this case, the State has separate requirements for seismic evaluations that stem from State laws and regulatory oversight for issues such as electric grid reliability, electric ratemaking, and coastal land management. The NRC staff has coordinated with the State on issues related to its jurisdiction and will continue to do so.

It is not necessary, at this time, for the NRC staff to delay the reviews it recently began of the license renewal application submitted by Pacific Gas and Electric (PG&E) for DCP. PG&E submitted its application for renewal of the DCP license in November 2009, which was within the time frame allowed under NRC rules. The NRC staff then evaluated the application and found that it met the standards necessary to begin a formal review of the application. The NRC's safety and environmental review processes take a minimum of 22 months to complete.

In the Board of Supervisors' letter, you requested that, should the NRC not grant a delay, the agency not complete the application process until the seismic studies have been finished. It is my understanding that the applicant's Shoreline Fault study will be concluded in December 2010. As previously indicated, the NRC takes a minimum of 22 months to complete the required application reviews. Completion of the Shoreline Fault study is within the review time frame. Should any information from the seismic studies warrant further consideration by the staff relative to the license renewal review, the staff will have an opportunity to do so before issuing its final evaluations.

It is important to note that this license renewal review will not affect the ongoing safety oversight process within which the NRC staff will continue to address seismic issues. The NRC staff is involved on a daily basis in monitoring and inspecting the operations at DCP. By addressing seismic issues within the agency's continuing safety oversight of the power plant, the NRC staff is able to quickly respond to new information, as the agency demonstrated when it monitored PG&E's response to the discovery of the Shoreline Fault.

Should information at any time, now, or in the future, regardless of whether the NRC is performing a license renewal review, show that there is a basis to question the continued safe operation of DCP, the NRC will take the appropriate actions as part of the agency's ongoing safety oversight. The NRC staff will continue to monitor assessments of the Shoreline Fault and other seismic issues around DCP and ensure that the power plant's safety systems remain capable of safely shutting the plant down in case of a seismic event.

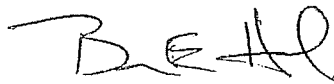
A. Hill

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In order to better inform the local public about the NRC's continuing safety oversight, the staff plans to hold a public meeting in California in the fall to further discuss the NRC's role and actions regarding seismic issues. The NRC staff will publish notices on its Web site and in the local newspaper about this meeting, and will also inform representatives from the State of California.

I appreciate your time and interest in contacting the NRC. Should you have additional questions about the DCPD license renewal review process or concerns about NRC oversight of the plant's safe operation, I invite you to contact Mr. David Wrona, Chief of Renewal Projects Branch 2 in the Division of License Renewal, at 301-415-2292.

Sincerely,

A handwritten signature in black ink, appearing to read "BEH", with a stylized flourish at the end.

Brian E. Holian, Director  
Division of License Renewal  
Office of Nuclear Reactor Regulation

cc: See next page

Diablo Canyon Nuclear Power Plant  
Units 1 and 2

cc:

Mr. John T. Conway, Senior Vice President,  
Generation and Chief Nuclear Officer  
Diablo Canyon Nuclear Power Plant,  
Units 1 and 2  
Pacific Gas & Electric Company  
77 Beale Street, MC B32  
San Francisco, CA 94105

The Honorable Sam Blakeslee  
California State Assembly  
1104 Palm Street  
San Luis Obispo, CA 93401

The Honorable Abel Maldonado  
Lieutenant Governor of California  
Capitol Office  
State Capitol, Room 1114  
Sacramento, CA 95814

The Honorable Lois Capps  
Member, United States  
House of Representatives  
1110 Longworth House Office Building  
Washington, DC 20515

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