

November 17, 2005

Mr. David H. Oatley
General Manager and Vice President
Acting Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 56
Avila Beach, CA 93424

SUBJECT: ISSUANCE OF MATERIALS LICENSE NO. SNM-2514 FOR THE
HUMBOLDT BAY INDEPENDENT SPENT FUEL STORAGE
INSTALLATION (TAC NO. L23683)

Dear Mr. Oatley:

By letter dated December 15, 2003, as amended October 1, 2004 and subsequently supplemented, the Pacific Gas and Electric Company (PG&E) submitted an application to the U.S. Nuclear Regulatory Commission (NRC) requesting a site specific license in accordance with 10 CFR Part 72 for an Independent Spent Fuel Storage Installation (ISFSI) at the Humboldt Bay Power Plant. Based on our review of your application, as revised and supplemented, the NRC staff has determined that there is reasonable assurance that: (i) the activities authorized by the license can be conducted without endangering the health and safety of the public and (ii) these activities will be conducted in compliance with the applicable regulations of 10 CFR Part 72. The staff has further determined that the issuance of the license will not be inimical to the common defense and security.

Materials License No. SNM-2514 is hereby issued to the Pacific Gas and Electric Company, pursuant to 10 CFR Part 72. A copy of the license is enclosed. Issuance of this license constitutes authorization for a 20-year term to receive, possess, store, and transfer spent fuel and associated radioactive materials resulting from the operation of the Humboldt Bay Power Plant, Unit 3, in an independent spent fuel storage installation to be located on the plant site in Humboldt County, California. All future communications regarding this license should refer to License No. SNM-2514, Docket No. 72-27. Please note that the Materials License number has changed from the number identified in the preliminary license previously sent for your review and comment.

The Humboldt Bay ISFSI license contains license conditions and Technical Specifications that shall be met in order to comply with NRC regulations. These items have been discussed and reviewed with Mr. Terry Grebel of your staff. License Condition 16 grants the requested exemption from the provisions of 10 CFR 72.72(d), with respect to maintaining a duplicate set of spent fuel storage records. PG&E may maintain a single set of ISFSI records in a records storage facility that satisfies the standards of ANSI N45.2.9-1974. All other requirements of 10 CFR 72.72(d) must be met.

On September 2, 2005, the NRC staff issued its approval of the Humboldt Bay ISFSI Physical Security Plan, including the Safeguards Contingency Plan and the Security Training and Qualification Plan. These plans reflect the incorporation of appropriate features, measures and procedures to address the ISFSI, and will not decrease the effectiveness of the existing security plans with respect to the permanently shut down Humboldt Bay Power Plant, Unit 3. The Plan

and the staff's security evaluation contain Safeguards Information and are therefore withheld from public disclosure.

In conjunction with the issuance of this license, the staff published a Notice of Issuance of Environmental Assessment and Finding of No Significant Impact for the Humboldt Bay Independent Spent Fuel Storage Installation in the Federal Register on November 16, 2005 (70 FR 69605). The staff's Environmental Assessment concluded that there are no significant radiological or non-radiological impacts associated with the proposed action, and that issuance of a license for the interim storage of spent nuclear fuel at the Humboldt Bay ISFSI will have no significant impact on the quality of the human environment.

On August 24, 2005, the NRC staff transmitted the preliminary license and Safety Evaluation Report for the Humboldt Bay ISFSI for your review. PG&E provided comments in a letter dated September 8, 2005. Your comments have been considered and incorporated, as appropriate, in the enclosed final Safety Evaluation Report for the Humboldt Bay ISFSI. Also enclosed is a copy of the Notice of Issuance which has been transmitted to the Office of the Federal Register for publication.

Please contact me at (301) 415-8500, or James R. Hall of my staff at (301) 415-1336, if you have any questions regarding issuance of this license.

Sincerely,

/RA/

Robert A. Nelson, Chief
Licensing Section
Spent Fuel Project Office
Office of Nuclear Material Safety
and Safeguards

Docket No. 72-27 (50-133)

Enclosures: 1. Materials License No. SNM-2514
2. Safety Evaluation Report
3. Federal Register Notice of Issuance

cc: Mailing List (w/enclosures)

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Pacific Gas and Electric Company
Humboldt Bay Power Plant, Unit 3
Docket Nos. 50-133, 72-27

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