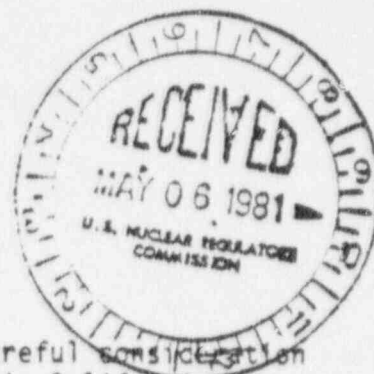


50-275

MAY 4 1981

The Honorable James R. Mills
California State Senate
Chula Vista, California 92011



Dear Mr. Mills:

Your March 4, 1981 letter to President Reagan urging the careful consideration of safety issues in the licensing for nuclear power plants in California and specifically the licensing of Diablo Canyon, Units 1 and 2 and the San Onofre, Units 2 and 3 has been referred to me for response.

The Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974 establishes the authority of the NRC to license and regulate nuclear power plants. To carry out this responsibility, the NRC conducts a detailed review of all applications for licenses to construct and operate nuclear power plants. The purpose of this detailed review, as required by the Atomic Energy Act, is to assure that the proposed facilities can be built and operated safely at the proposed locations and that all structures, systems, and components important to safety will be designed to withstand the effects of accidents, without posing an undue risk to the health and safety of the public. Such detailed reviews were conducted for both Diablo Canyon, Units 1 and 2 and San Onofre Units 2 and 3, prior to the issuance of their respective construction permits. As required by the Atomic Energy Act further detailed reviews for both these projects are being conducted in connection with their application for operating licenses.

With regard to the licensing of the Diablo Canyon, Units 1 and 2, as you no doubt are aware, since docketing of its operating license application in late 1973 there have been major plant improvements that have been made as the result of a seismic reevaluation of the facility and as the result of applying the lessons learned from the Three Mile Island (TMI) accident.

Pacific Gas and Electric Company filed a motion last year with the Atomic Safety and Licensing Board (ASLB) for authorization to load fuel and conduct low power testing prior to final Commission action with respect to PG&E's application for a full-term operating license. The NRC staff subsequently issued supplements to the Diablo Canyon Safety Evaluation Report which addressed additional issues related to fuel load and low power issues arising from the Three Mile Island (TMI) accident. Intervenors and Governor Brown have sought to re-open the record on Diablo Canyon with respect to these matters. The ASLB has admitted some issues as a result of Intervenors' arguments and has scheduled hearings on TMI-related issues to commence on May 19, 1981. Assuming that existing Commission procedures remain unchanged, a decision is not expected until December of 1981.

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Early in 1980, the Atomic Safety and Licensing Appeal Board (ASLAB) reopened the record on earthquake design and facility security issues. The Appeal Board conducted evidentiary hearings on these matters in October and November 1980 and is expected to issue a decision on those issues in the near future.

With regard to the full power license, in early April the NRC issued supplements to the Diablo Canyon Safety Evaluation Report on TMI issues related to full power and several remaining other issues. This essentially completes the NRC staff actions with respect to full power license. A Commission decision on full power operation is not expected before March of next year.

With regard to the licensing of the San Onofre Units 2 and 3, which was docketed for operating license review in March 1977, the staff has completed the major part of its review. Staff safety evaluations were issued on December 31, 1980, February 6, 1981 and February 25, 1981. The review of the San Onofre Units 2 and 3 by the Advisory Committee on Reactor Safeguards was completed March 1981. A safety evaluation report addressing issues identified by the ACRS and the remaining outstanding issues is in preparation and is scheduled to be issued in May. We anticipate the hearings on this project to commence in June or July.

Thus, the post-TMI picture of the licensing process is that the process is returning to predictability at a considerably enhanced level of safety. However, the implementation of this enhanced level of safety has raised a number of potential new issues in the contested hearings for both operating licenses and construction permits around the country. Some of these units were substantially complete at the time of the Three Mile Island accident or have been completed since then (such as Diablo Canyon and San Onofre). Thus, we do face a situation in which, for the first time, our hearings are or will be continuing for a significant number of plants that will be complete and ready to operate before the hearings conclude. As a result, we are working to find ways to accelerate the hearings on these plants.

To that end, major improvements in the licensing process are underway or being considered. These improvements include:

- Expedited and rescheduled review by the NRC staff for plants in the short term category--those presently complete and those to be completed in 1981 and 1982.
- Increased efficiency of the hearing process and subsequent Commission and Appeals Board review. The time now being taken between issuance of the supplemental staff evaluation report and initial decisions by licensing boards averages 18 months. The NRC believes it can compress that time to about 10 months by tightening up the times allowed for each part of the prehearing process and by providing firmer time management of the whole process. The Commission has published for public comment proposed changes to its rules which would accomplish this.

- Changes in the review process the Commission itself exercises over these cases. The Commission is considering two alternatives to shorten this review period which could save at least two months in each case that has been in hearing.
- Early completion of NRC staff review for plants to be completed in 1983 and beyond. This will require better scheduling of reviews and increased staff resources applied to casework. Some staff resources can be redirected-- by deferring lower priority work and shifting some work to other NRC offices. Before making such a change, the Commission will carefully review the impact on other essential safety-related activities.

One further step to be considered is legislation to authorize the Commission to issue limited, interim operating licenses before completion of hearings where all applicable safety requirements have been met.

In summary, we are confident the actions we have taken and those we will take will provide major improvements in licensing schedules without compromising the regulatory requirements for safety.

We appreciate your interest in the Diablo Canyon and San Onofre projects. Please be assured that while the NRC is taking reasonable steps to expedite the licensing process, the steps are totally consistent with our commitment to ensure the public health and safety.

Sincerely,

(Signed) William J. Dircks

William J. Dircks, Executive Director
for Operations

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		ACKNOWLEDGMENT		3/4/81
		INTERIM REPLY		
TO: President Reagan (Referred to NRC fm W.H.)		FINAL REPLY		PREPARE FOR SIGNATURE OF:
		FILE LOCATION		<input type="checkbox"/> CHAIRMAN <input checked="" type="checkbox"/> EXECUTIVE DIRECTOR
		OTHER:		
DESCRIPTION <input type="checkbox"/> LETTER <input type="checkbox"/> MEMO <input type="checkbox"/> REPORT <input type="checkbox"/> OTHER		SPECIAL INSTRUCTIONS OR REMARKS		
Future of nuclear power in California - Concern about safety of the Diablo Canyon and San Onofre Nuclear facilities.		Ref: EDO 10265 bcc: Agency Liaison Room 94 The White House		
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81-0508

No. <u>80-32009</u>	Logging Date <u>4/8/81</u>
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<input checked="" type="checkbox"/> Exec. Dir. Oper.	<input type="checkbox"/> Gen. Counsel
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	<input type="checkbox"/> Policy Evaluation

Incoming: White House Referral
 From: Sta-Sen James R. Mills --et al;

To: NRC Date 4/3/81
 Subject: urges the pres to deal with issues re the future of nuc power in CA; --Dahlo Canyon & San Onofre

- ☐ Prepare reply for signature of:
- ☐ Chairman
 - ☐ Commissioner _____
 - ☐ EDO, GC, CL, SOL, PA, SECY, IA, PE
 - ☐ Signature block omitted
 - ☐ _____
 - ☐ Return original of incoming with response

☒ For direct reply* Suspense: April 24

- ☐ For appropriate action
- ☐ For information

Remarks: _____

For the Commission: billie

*Send three (3) copies of reply to Secy Correspondence and Records Branch

NRC-62

Rec'd Off. EDO
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 Time 12:30

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