

March 22, 2004

Mr. Lawrence F. Womack
Vice President, Nuclear Services
Diablo Canyon Power Plant
P.O. Box 56
Avila Beach, CA 93424

SUBJECT: ISSUANCE OF MATERIALS LICENSE NO. SNM-2511 FOR THE
DIABLO CANYON INDEPENDENT SPENT FUEL STORAGE
INSTALLATION (TAC NO. L23399)

Dear Mr. Womack:

By letter dated December 21, 2001, as 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 Diablo Canyon 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-2511 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 Diablo Canyon Power Plant in an independent spent fuel storage installation to be located on the plant site in San Luis Obispo County, California. All future communications regarding this license should refer to License No. SNM-2511, Docket No. 72-26.

The Diablo Canyon 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. By letter dated January 16, 2004, PG&E submitted revisions to the proposed Diablo Canyon ISFSI Technical Specifications, in order to address the NRC staff position described in Interim Staff Guidance Document ISG-11, Revision 3, issued on November 17, 2003. The final Technical Specifications reflect these changes, which limit the storage of spent fuel in the Diablo Canyon ISFSI to low burnup assemblies, defined as fuel assemblies with a maximum average burnup of less than or equal to 45,000 megawatt days per metric ton of uranium.

On February 3, 2004, the NRC staff issued its approval of changes to the Diablo Canyon Physical Security Plan. These changes reflect the incorporation of appropriate features,

measures and procedures to address the ISFSI. The revised 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 Diablo Canyon Independent Spent Fuel Storage Installation in the Federal Register on October 30, 2003 (68 FR 61838). The staff's Environmental Assessment, which was sent to you on October 24, 2003, 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 Diablo Canyon ISFSI will have no significant impact on the quality of the human environment.

On February 11, 2004, the NRC staff transmitted the preliminary license and Safety Evaluation Report for the Diablo Canyon ISFSI for your review. PG&E provided comments in a letter dated February 27, 2004. Your comments have been considered and incorporated, as appropriate, in the enclosed final Safety Evaluation Report for the Diablo Canyon 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) 415-8540, or James R. Hall of my staff at (301) 415-1336, if you have any questions regarding issuance of this license.

Sincerely,

/RA/

John D. Monninger, Chief
Licensing Section
Spent Fuel Project Office
Office of Nuclear Material Safety
and Safeguards

Docket No. 72-26 (50-275, -323)

TAC No. L23399

Enclosures: 1. Materials License No. SNM-2511
2. Safety Evaluation Report
3. Federal Register Notice of Issuance

cc: Mailing List (w/enclosures)

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DATE	3/08/04		3/09/04		3/10/04		3/11/04		3/11/04		3/09/04	
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NAME	HLee		CWithee		JGuttman		SLewis		JMonninger			
DATE	3/09/04		3/10/04		3/16/04		3/10/04		3/22/04			

C = Cover C = Cover E = Cover & Enclosure N = No copy
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