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ELECTRONIC DELIVERY

Barbara Byron
California Energy Commission
Attn: Docket No. 07-AB-1632-1
1516 Ninth Street, MS-36
Sacramento, CA 95814-5512

DOCKET

07-AB-1632

DATE OCT 22 2008

RECD. OCT 23 2008

**Re: PG&E's Comments on the Draft Committee Report
AB 1632 Assessment of California's Operating Nuclear
Power Plants, dated September 2008**

Dear Ms. Byron:

Attached are Pacific Gas and Electric Company's (PG&E) Comments on the Draft Committee Report, entitled "An Assessment of California's Nuclear Power Plants: AB 1632 Committee Report," dated October 2008. PG&E appreciates the opportunity to participate in the Commission's AB 1632 study process. We provided comments on the Study Plan, responded thoroughly to data requests, provided comments on the Draft Consultant Report and participated in all workshops including bringing experts to help assist the Committee in understanding PG&E's operations of the Diablo Canyon Power Plant. We have reviewed the Draft Committee Report and provide the attached comments and urge the Committee to make the modifications responsive to these comments in the final Committee Report. We also urge the Committee to direct that the Draft Consultant's Report be modified in accordance with our earlier submitted comments. Our comments can generally be divided into three categories; jurisdiction, the purpose and role of the feasibility study as it relates to the NRC and CPUC processes, and the difference between license renewal efforts and ongoing operational efforts.

In addition, PG&E would like to reiterate our comments stated at the October 20 workshop, that PG&E largely concurs with the recommendations and statements provided by the California Seismic Safety Commission in their letter dated October 17, 2008, and appreciates their thorough review and participation. We have additional comments on a few areas addressed in that letter which will be submitted under separate cover.

PG&E appreciates the opportunity to participate in the study process and looks forward to working with the Commission to ensure the Commission understands the important role of the Diablo Canyon Power Plant to the electricity system and its role in assisting California meet its greenhouse gas emission reduction targets.

Sincerely,

AB 1632 NUCLEAR ASSESSMENT

COMMENTS ON DRAFT COMMITTEE REPORT

INTRODUCTION

PG&E acknowledges the legitimate state interest in understanding and planning for emergency events that could result in the loss of energy supply from the State's two nuclear facilities and on that basis supported this AB 1632 study. However, care should be taken to develop recommendations that focus on the legitimate state interest underpinning the AB 1632 legislation and do not infringe upon the exclusive jurisdiction of the Nuclear Regulatory Commission (NRC).

As noted in the Committee Report, in its decision authorizing ratepayer funding of the license renewal feasibility study (D. 07-03-044), the CPUC directed PG&E to file an application submitting to the CPUC the final license renewal feasibility study addressing the cost-effectiveness of license renewal and whether license renewal is in the best interest of PG&E's ratepayers. The decision also directed PG&E to incorporate the findings and recommendations of the report issued by the CEC pursuant to AB 1632 in its feasibility study. PG&E does not interpret these directives to require PG&E to include in the license renewal feasibility study issues that are outside the scope of license renewal. Nor do they require PG&E to include in the CPUC application any showing on issues that are not within the CPUC's jurisdiction.

As PG&E set forth in the written and oral testimony supporting its request for ratepayer funding of the Diablo Canyon license renewal feasibility study, the issues addressed in the context of the feasibility study are specific to the question of whether Diablo Canyon can safely operate for an additional twenty years after the existing operating licenses expire in 2024 and 2025. By contrast, many of the items the Committee recommends including in the license renewal feasibility study are already being addressed in ongoing programs under the existing operating licenses. These efforts include: the analysis of seismic and tsunami hazards, emergency planning, and safety culture assessment all of which are directly relevant to the safe operation of Diablo Canyon under the current licenses and, more importantly, are subject to ongoing analysis, update and NRC review. As such, the license renewal feasibility study appropriately does not include analysis of these issues.

Finally, the Committee appears to be under the impression that "the CPUC will ... decide as part of PG&E's 2011 General Rate Case whether PG&E should pursue license renewal." (Report at p. 31) This is incorrect. In the Application referenced by the CEC, the CPUC will consider the cost-effectiveness and benefit to ratepayers of an additional 20 years of operation of Diablo Canyon.

We provide the following specific comments and suggested modifications to the recommendations consistent with these broad principles.

Recommendations 1-9

As described during these proceedings, PG&E is already committed to continue updating its knowledge of the seismicity surrounding the Diablo Canyon Site. PG&E is performing ongoing research and analysis as part of the long term seismic program, which is a requirement of the existing operating licenses for the plant. PG&E believes that it is relevant for the Commission to understand the seismic setting to help determine what generation planning efforts the Commission may undertake to prepare for such an unlikely event and will report its findings to the CEC as requested. However, these efforts should not be undertaken as part of PG&E's license renewal feasibility study.

In addition, as we discussed in our written and oral comments on the Draft Consultant Report, we believe there is no uncertainty regarding the seismic setting and hazard at the Diablo Canyon Site. While ongoing study to incorporate new information or techniques is prudent and will be undertaken to expand PG&E's knowledge base, we believe the characterization in both the Draft Consultant Report and the Committee Report that there are uncertainties understates the wealth of information already gathered and developed about the Diablo Canyon seismic setting. Therefore we recommend that the first sentence of the recommendation should be modified as follows:

The California Energy Commission, in cooperation with other appropriate state agencies and in coordination with PG&E, should evaluate the degree to which using three-dimensional geophysical seismic reflection mapping should be pursued, if warranted by a cost-benefit analysis, to supplement PG&E's ongoing seismic research programs ~~to resolve uncertainties surrounding the seismic hazard at Diablo Canyon.~~

Similarly, Recommendation 4 should be modified as follows:

The California Energy Commission, in cooperation with other appropriate state agencies, should consider the relevance of the USGS National Seismic Hazard Mapping Project models and the UCERF-2 database ~~in the context of the studies required as part of the license renewal feasibility assessment at Diablo Canyon for the CPUC. Updated seismic hazard analyses incorporating these inputs would provide additional information for regulators and the public regarding the seismic hazard at the plant site.~~

Recommendations 10 through 13

Subject to CPUC funding, PG&E will undertake the analysis recommended in these recommendations.

Recommendation 14

PG&E disagrees with Recommendation 14 for both substantive and jurisdictional reasons. On the substance, the process of moving spent fuel from the spent fuel pools to the Independent Spent Fuel Storage Installation (ISFSI), using dry cask storage technology, will provide additional space in the spent fuel pools. However, PG&E does not have the ability to reduce the volume of fuel in the pools to the low density configuration provided in the recommendation.

As PG&E removes spent fuel assemblies from the Unit 1 and Unit 2 spent fuel pools and places it into dry storage at the ISFSI, the loading rate is constrained by the available candidate fuel assemblies (as determined by reactor operating power history), to accommodate regional loading of the multi-purpose canisters (MPC) to keep radiological dose as low as reasonably achievable, and to maintain the decay heat input of the MPC within licensed limits.

Spent fuel must remain in the spent fuel pools for at least 5 years before it can be considered a candidate for movement into dry storage. The Holtec International dry cask regionalized storage system requires that 1/3 of the 32 assemblies placed in each canister be at least 10 years in the spent fuel pools. As a result of these regionalized storage requirements, PG&E does not have the ability to substantially accelerate the rate at which spent fuel is removed from the pools.

In order for DCCP to remain in compliance with the Holtec International system design requirements and the NRC requirements associated with the volume of spent fuel in the spent fuel pools and the spacing of assemblies, the higher density must be maintained.

As the Draft Committee Report acknowledges, "The spent fuel pools are not expected to suffer a catastrophic loss of cooling as a result of earthquakes." In its proceedings related to ISFSI licensing, the NRC has found that loss of cooling water due to either design based events or beyond design based events, such as terrorist threats, are not credible.

In jurisdictional terms, the Nuclear Regulatory Commission (NRC) has exclusive jurisdiction on the handling of spent nuclear fuel. PG&E is in full compliance with NRC requirements, including those additional requirements instituted after September 11th.

Recommendation 16

Similar to the seismic discussion above, the issue of adequacy of access roads, including consideration of changes to the local population, is not relevant or appropriate for inclusion in the license renewal feasibility study because it is undertaken as part of ongoing compliance with Diablo Canyon's NRC-approved emergency plan.

Recommendations 21 and 23

PG&E believes the recommendations are not necessary as the license renewal process will consider alternative uses of the site and will include a detailed evaluation of the costs of disposal of low level waste.

Recommendation 24

PG&E believes this recommendation is not necessary as the CPUC will consider what resources are necessary in the applicable long term procurement plan proceeding.

Recommendation 25

PG&E believes this recommendation improperly infringes upon the sole jurisdiction of the NRC to determine whether or not nuclear license should be extended and upon the CPUC's sole jurisdiction to approve long term procurement plans. The Commission has the ability to provide input to each and every item listed in the recommendation as a stakeholder in the NRC and CPUC open public proceedings and the recommendation as written improperly confers authority beyond participation as a stakeholder. Therefore, the recommendation should either be deleted or modified to encourage the Commission to participate as a stakeholder in the appropriate forum.