

SAFEGUARDS INFORMATION

May 5, 2005

EA 05-088

EA 05-089

Gregory M. Rueger
Senior VP Nuclear Power Generation and Chief Nuclear Officer
Pacific Gas and Electric
Diablo Canyon Nuclear Power Plant
800 Price Canyon
Pismo Beach, CA 93449

**SUBJECT: ISSUANCE OF ORDERS FOR INTERIM SAFEGUARDS AND SECURITY
COMPENSATORY MEASURES AND FOR IMPLEMENTATION OF
ADDITIONAL SECURITY MEASURES ASSOCIATED WITH ACCESS
AUTHORIZATION FOR DIABLO CANYON INDEPENDENT SPENT FUEL
STORAGE INSTALLATION**

Dear Mr. Rueger:

The U.S. Nuclear Regulatory Commission (NRC or the Commission) has issued the enclosed Orders (Enclosures 1 and 3) that modify the site-specific license for your **proposed** independent spent fuel storage installation (ISFSI) to require compliance with the specified: interim safeguards and security compensatory measures (ICMs found in Enclosure 2) and additional security measures associated with access authorization (ASMs found in Enclosure 4). Enclosure 5 is an NRC Regulatory Information Summary regarding the NRC Threat Advisory and Protective Measures System for ISFSIs. Enclosures 2, 4, and 5 contain Safeguards Information (SGI).

The Commission has determined that additional security measures are required following the events of September 11, 2001, and has concluded that the security measures should be embodied in Orders, consistent with the established regulatory framework. Due to the current threat environment, the requirements of the enclosed Orders must be in place prior to first receipt of spent fuel and initial operations at your ISFSI.

These actions are interim and the basis for the Orders is the need to take prudent actions to address security requirements in the current threat environment. The Orders do not obviate

WARNING: Violation of Section 147 of the Atomic Energy Act, "Safeguards Information" is subject to Civil and Criminal Penalties.

NOTICE: Upon removal of Enclosures 2, 4, and 5 to the Letter, this document and the enclosed Orders (Enclosures 1 and 3) are DECONTROLLED.

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the need for licensees to continue to meet and maintain the effectiveness of existing security measures taken in response to the events of September 11, 2001. The requirements will remain in effect until the Commission determines otherwise.

The enclosed Orders call for responses and actions within specified time frames. With respect to the notices and submission required by Sections III.B and III.C of the Orders, for any security measure that requires an analysis or is contingent upon completion of another requirement, it will be a sufficient response if the licensee states in its 20-day submission:

- (1) that completion of the requirement is dependent upon completion of an analysis or other requirement;
- (2) the expected date of completion of the analysis or other requirement; and
- (3) that upon such completion, the licensee will promptly submit the results of such analysis or inform the NRC of the completion of the other requirement and the actions thereafter proposed with respect to the requirement at issue, as well as the projected date of completion.

If the licensee wishes to preserve its right to request a hearing on any requirement contingent upon completion of an analysis or other requirement, a request for an extension of time to request a hearing must be filed within 20 days of the date of these Orders in accordance with Section IV of the Orders. Such a request may seek a reasonable period of time to request a hearing beyond the date that the staff informs the licensee whether the actions proposed and completion date for the requirement(s), contingent upon an analysis or other requirement, are satisfactory.

Please note that letters of response to Sections III.B and III.C of the Orders should be addressed to the ATTN: Document Control Desk, Director, Spent Fuel Project Office, Office of Nuclear Materials Safety and Safeguards. Answers to the Order should be addressed to the Secretary, Office of the Secretary of the Commission, as stated in Section IV of the Order.

Please contact Paul J. Kelley, Jr. at 301-415-6101 for the ICM Order or Brad Baxter at 301-415-6742 for the ASM Order on Access Authorization in the Office of Nuclear Security and Incident Response; or Cynthia Barr at 301-415-4015, of my staff, to facilitate resolution of any issues related to compliance with the requirements in the enclosed Orders, or if you have any other questions. The enclosed Orders have been forwarded to the Office of the Federal Register for publication.

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The material in Enclosures 2, 4, and 5 contains SGI as defined by 10 CFR 73.21, and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Margaret V. Federline, Acting Director
Office of Nuclear Material Safety
and Safeguards

Docket No: 72-26

Enclosures: 1. ICM Order
2. Attachment 1 to Enclosure 1--ICMs for Dry ISFSI (**SGI**)
3. ASM Order
4. Attachment 1 to Enclosure 3--ASMs for Dry ISFSI w/ guidance (**SGI**)
5. Regulatory Issue Summary 2002-12D (**SGI**)

cc: w/ Encls 1 and 3 only, see next page
Robert Zimcowski, Security Manager (w/ SGI enclosures)

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Robert Zimcowski, Security Manager (w/ SGI enclosures)

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