DEC 0 6 1978

Docket Nos. 50-275
and 50-323

Mr. John C. Morrissey
Vice President & General Counsel
Pacific Gas & Electric Company
77 Beale Street
San Francisco, California 94106

Dear Mr. Morrissey

SUBJECT: AMENDMENT NOS. 1 AND 4 TO CPPR-39 AND CPPR-69
(Diablo Canyon Nuclear Power Plant)

In your letter to the U. S. Department of Justice (DOJ) dated April 30, 1976, you stated that, in the event a construction permit for the Stanislaus Nuclear Project was not issued by the NRC prior to July 1, 1978, PG&E was willing to have its license(s) for the Diablo Canyon Nuclear Power Plants, Units 1 and 2, amended to incorporate certain antitrust commitments. This willingness was contingent upon the DOJ advising the NRC that no antitrust hearing was necessary in connection with licensing the Stanislaus Project. The DOJ provided such advice in a letter dated May 5, 1976.

Since no construction permit for the Stanislaus Project had yet been issued, the NRC staff advised PG&E, in a letter dated September 15, 1978, of its intention to include the antitrust commitments as conditions in the Diablo Canyon Construction Permits. PG&E responded, in a letter dated September 19, 1978, stating that it had no objection to such an amendment.

Accordingly, the Nuclear Regulatory Commission has issued Amendment Nos. 1 and 4, respectively, to the Provisional Construction Permit Nos. CPPR-39 and CPPR-69 to provide for the addition of certain antitrust conditions to the Construction Permits. We have determined that the amendments are administrative actions which do not alter environmental impacts described in the Final Environmental Statement or create new impacts not previously addressed in the statement. Therefore, no environmental impact appraisal or negative declaration need be prepared.

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Copies of Amendment No. 1 to CPPR-39 and Amendment No. 4 to CPPR-69 are enclosed. Also enclosed is a copy of a related notice which has been forwarded to the Office of the FEDERAL REGISTER for publication.

Sincerely,

Original Signed by

Roger S. Boyd, Director
Division of Project Management
Office of Nuclear Reactor Regulation

Enclosures:
1. Amendment Nos. 1 and 4 to CPPR-39 and CPPR-69
2. FEDERAL REGISTER Notice
3. Evaluation Supporting Amendments

ccs w/enclosures: See next page

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Mr. John C. Morrissey

cc: Richard S. Salzman, Esq., Chairman
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Mr. John C. Morrissey

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Radiologic Health Section
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Sacramento, California 95814

Chairman, San Luis Obispo County
Board of Supervisors
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PACIFIC GAS AND ELECTRIC COMPANY

(DIABLO CANYON NUCLEAR POWER PLANT, UNIT 1)

DOCKET NO. 50-275

AMENDMENT TO PROVISIONAL CONSTRUCTION PERMIT

Amendment No. 1
Construction Permit No. CPPR-39

A. The Nuclear Regulatory Commission (NRC) having found that:

1. The amendment to Construction Permit No. CPPR-39, for the purpose of including in the Construction Permit the antitrust commitments stated in PG&E's letter of April 30, 1976 to the Department of Justice, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in 10 CFR Chapter 1;

2. The issuance of this amendment is in accordance with 10 CFR Part 51;

3. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and

4. Prior public notice of this amendment is not required since the amendment does not involve a significant hazards consideration.

B. Accordingly, Construction Permit No. CPPR-39 is hereby amended by adding a new paragraph 2.D. which reads as follows:

2.D. This Construction Permit is subject to the following antitrust conditions:

(1) Definitions

(1)(a) "Applicant" means Pacific Gas and Electric Company, any successor corporation, or any assignee of this license.

(1)(b) "Service Area" means that area within the exterior geographic boundaries of the several areas electrically served at retail, now or in the future, by Applicant, and those areas in Northern and Central California adjacent thereto.

(1)(c) "Neighboring Entity" means a financially responsible private or public entity or lawful association thereof owning, contractually controlling or operating, or in good faith proposing to own, to contractually control or to operate facilities for the generation, or transmission at 60 kilovolts or above, of electrric power

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which meets each of the following criteria: (1) its existing or proposed facilities are or will be technically feasible of direct interconnection with those of Applicant; (2) all or part of its existing or proposed facilities are or will be located within the Service Area; (3) its primary purpose for owning, contractually controlling, or operating generation facilities is to sell in the Service Area the power generated; and (4) it is, or upon commencement of operations will be, a public utility regulated under applicable state law or the Federal Power Act, or exempted from regulation by virtue of the fact that it is a federal, state, municipal or other public entity.

(1)(d) "Neighboring Distribution System" means a financially responsible private or public entity which engages, or in good faith proposes to engage, in the distribution of electric power at retail and which meets each of the criteria numbered (1), (2), and (4) in subparagraph (c) above.

(1)(e) "Costs" means all capital expenditures, administrative, general, operation and maintenance expenses, taxes, depreciation and costs of capital including a fair and reasonable return on Applicant's investment, which are properly allocable to the particular service or transaction as determined by the regulatory authority having jurisdiction over the particular service or transaction.

(1)(f) "Good Utility Practice" means those practices, methods and equipment, including levels of reserves and provisions for contingencies, as modified from time to time, that are commonly used in the Service Area to operate, reliably and safely, electric power facilities to serve a utility's own customers dependably and economically, with due regard for the conservation of natural resources and the protection of the environment of the Service Area, provided such practices, methods and equipment are not unreasonably restrictive.

(1)(g) "Firm Power" means that power which is intended to be available to the customer at all times and for which, in order to achieve that degree of availability, adequate installed and spinning reserves and sufficient transmission to move such power and reserves to the load center are provided.

(2) Interconnection

Interconnection agreements negotiated pursuant to these license conditions shall be subject to the following paragraphs (a) through (g):

(2)(a) Applicant shall not unreasonably refuse to interconnect and operate normally in parallel with any Neighboring Entity, or to interconnect with any Neighboring Distribution System. Such interconnections shall be consistent with Good Utility Practice.

(2)(b) Interconnection shall be at one point unless otherwise agreed by the parties to an interconnection agreement. Interconnection shall not be limited to lower voltages when higher voltages are preferable from the standpoint of Good Utility Practice and are available from Applicant. Applicant may include in any interconnection agreement provisions that a Neighboring Entity or Neighboring Distribution System maintain the power factor associated with its load at a comparable level to that maintained by Applicant in the same geographic area and use comparable control methods to achieve this objective.

(2)(c) Interconnection agreements shall not provide for more extensive facilities or control equipment at the point of inter connection than are required by Good Utility Practice unless the parties mutually agree that particular circumstances warrant special facilities or equipment.

(2)(d) The Costs of additional facilities required to provide service at the point of interconnection shall be allocated on the basis of the projected economic benefits for each party from the interconnection after consideration of the various transactions for which the interconnection facilities are to be used, unless otherwise agreed by the parties.

(2)(e) An interconnection agreement shall not impose limitations upon the use or resale of capacity and energy sold or exchanged under the agreement except as may be required by Good Utility Practice.

(2)(f) An interconnection agreement shall not prohibit any party from entering into other interconnection agreements, but may provide that (1) Applicant receive adequate notice of any additional interconnection arrangement with others, (2) the parties jointly consider and agree upon additional contractual provisions, measures, or equipment, which may be required by Good Utility Practice as a result of the new arrangement, and (3) Applicant may terminate the interconnection agreement if the reliability of its system or service to its customers would be adversely affected by such additional interconnection arrangement.

(2)(g) Applicant may include provisions in an interconnection agreement requiring a Neighboring Entity or Neighboring Distribution System to develop with Applicant a coordinated program for underfrequency load shedding and tie separation. Under such programs the parties shall equitably share the interruption or curtailment of customer load.

(3) Reserve Coordination

Interconnection agreements negotiated pursuant to these license conditions shall be subject to the following paragraphs (a) through (e) regarding reserve coordination:

(3)(a) Applicant and any Neighboring Entity with which it interconnects shall jointly establish and separately maintain the minimum reserves to be installed or otherwise provided under an interconnection agreement. Unless otherwise mutually agreed upon, reserves shall be expressed as a percentage of estimated firm peak load and the minimum reserve percentage shall be at least equal to Applicant's planned reserve percentage without the interconnection. A Neighboring Entity shall not be required to provide reserves for that portion of its load which it meets through purchases of Firm Power. While different reserve percentages may be specified in various interconnection agreements, no party to an interconnection agreement shall be required to provide a greater reserve percentage than Applicant's planned reserve percentage, except that if the total reserves Applicant must provide to maintain system reliability equal to that existing without a given interconnection arrangement are increased by reason of the new arrangement, then the other party or parties may be required to install or provide additional reserves in the full amount of such increase.

(3)(b) Applicant and Neighboring Entities with which it interconnects shall jointly establish and separately maintain the minimum spinning reserves to be provided under an interconnection agreement. Unless otherwise mutually agreed upon, spinning reserves shall be expressed as a percentage of peak load and the minimum spinning reserve percentage shall be at least equal to Applicant's spinning reserve percentage without the interconnection. A Neighboring Entity shall not be required to provide spinning reserves for that portion of its load which it meets through purchases of Firm Power. While different spinning reserve percentages may be specified in various interconnection agreements, no party to an interconnection agreement shall be required to provide a greater spinning reserve percentage than that which Applicant provides, except that if the total spinning reserves Applicant must provide to maintain system reliability equal to that existing without a given interconnection arrangement are increased by reason of the new arrangement, then the other party or parties may be required to provide additional spinning reserves in the full amount of such increase.

(3)(c) Applicant shall offer to sell, on reasonable terms and conditions, including a specified period, capacity to a Neighboring Entity for use as reserves if such capacity is neither needed for Applicant's own system nor contractually committed to others and if the Neighboring Entity will offer to sell, on reasonable terms and conditions, its own such capacity to Applicant.

(3)(d) Applicant may include in any interconnection agreement provisions requiring a Neighboring Entity to compensate Applicant for any reserves Applicant makes available as the result of the failure of such Neighboring Entity to maintain all or any part of the reserves it has agreed to provide in said interconnection agreement.

(3)(e) Applicant shall offer to coordinate maintenance schedules with Neighboring Entities interconnected with Applicant and to exchange or sell maintenance capacity and energy when such capacity and energy are available and it is reasonable to do so in accordance with Good Utility Practice.

(4) Emergency Power

Applicant shall sell emergency power to any interconnected Neighboring Entity which maintains the level of minimum reserve agreed upon with Applicant, agrees to use due diligence to correct the emergency, and agrees to sell emergency power to Applicant. Applicant shall engage in such transactions if and when capacity and energy for such transactions are available from other sources, but only to the extent that it can do so without impairing service to Applicant's retail or wholesale power customers or impairing its ability to discharge prior commitments.

(5) Other Power Exchanges

Should Applicant have on file, or hereafter file, with the Federal Power Commission, agreements or rate schedules providing for the sale and purchase of short-term capacity and energy, limited-term capacity and energy, long-term capacity and energy or economy energy, Applicant shall, on a fair and equitable basis, enter into like or similar agreements with any Neighboring Entity, when such forms of capacity and energy are available, recognizing that past experience, different economic conditions and Good Utility Practice may justify different rates, terms and conditions. Applicant shall respond promptly to inquiries of Neighboring Entities concerning the availability of such forms of capacity and energy from its system.

(6) Wholesale Power Sales

Upon request, Applicant shall offer to sell firm, full or partial requirements power for a specified period to an interconnected Neighboring Entity or Neighboring Distribution System under a contract with reasonable terms and conditions including provisions which permit Applicant to recover its Costs. Such wholesale power sales must be consistent with Good Utility Practice. Applicant shall not be required to sell Firm Power at wholesale if it does not have available sufficient generation or transmission to supply the requested service or if the sale would impair service to its retail customers or its ability to discharge prior commitments.

(7) Transmission Services

(7)(a) Applicant shall transmit power pursuant to interconnection agreements, with provisions which are appropriate to the requested transaction and which are consistent with these license conditions. Except as listed below, such service shall be provided (1) between two or among more than two Neighboring Entities or sections of a Neighboring Entity's system which are geographically separated, with which, now or in the future, Applicant is interconnected, (2) between a Neighboring Entity with which, now or in the future, it is interconnected and one or more Neighboring Distribution Systems with which, now or in the future, it is connected and (3) between any Neighboring Entity or Neighboring Distribution System(s) and the Applicant's point of direct interconnection with any other electric system engaging in bulk power supply outside the area then electrically served at retail by Applicant. Applicant shall not be required by this Section to transmit power (1) from a hydroelectric facility the ownership of which has been involuntarily transferred from Applicant or (2) from a Neighboring Entity for sale to any electric system located outside the exterior geographic boundaries of the several areas then electrically served at retail by Applicant if any other Neighboring Entity, Neighboring Distribution System, or Applicant wishes to purchase such power at an equivalent price for use within said areas. Any Neighboring Entity or Neighboring Distribution System(s) requesting transmission service shall give reasonable advance notice to Applicant of its schedule and requirements. Applicant shall not be required by this Section to provide transmission service if the proposed transaction would be inconsistent with Good Utility Practice or if the necessary transmission facilities are committed at the time of the request to be fully-loaded during the period for which service is requested, or have been previously reserved by Applicant for emergency purposes, loop flow, or other uses consistent with Good Utility Practice; provided, that with respect to the Pacific Northwest-Southwest Intertie, Applicant shall not be required by this Section to provide the requested transmission service if it would impair Applicant's own use of this facility consistent with the Bonneville Project Act, (50 Stat. 731, August 20, 1937), Pacific Northwest Power Marketing Act (78 Stat. 756, August 31, 1964) and the Public Works Appropriations Act, 1965 (78 Stat. 682, August 30, 1964).

(7)(b) Applicant shall include in its planning and construction programs such increases in its transmission capacity or such additional transmission facilities as may be required for the transactions referred to in paragraph (a) of this Section, provided any Neighboring Entity or Neighboring Distribution System gives Applicant sufficient advance notice as may be necessary to accommodate its requirements from a regulatory and technical standpoint and provided further that the entity requesting transmission services compensates Applicant for the Costs incurred as a result of the request. Where transmission capacity will be increased or additional transmission facilities will be installed to provide or maintain the requested service to a Neighboring Entity or Neighboring Distribution System, Applicant may require, in addition to a rate for use of other facilities, that payment of Costs associated with the increased capacity or additional facilities shall be made by the parties in accordance with and in advance of their respective use of the new capacity or facilities.

(7)(c) Nothing herein shall require Applicant (1) to construct additional transmission facilities if the construction of such facilities is inconsistent with Good Utility Practice or if such facilities could be constructed without duplicating any portion of Applicant's transmission system, (2) to provide transmission service to a retail customer or (3) to construct transmission outside the area then electrically served at retail by Applicant.

(7)(d) Rate schedules and agreements for transmission services provided under this Section shall be filed by Applicant with the regulatory agency having jurisdiction over such rates and agreements.

(8) Access to Nuclear Generation

(8)(a) If a Neighboring Entity or Neighboring Distribution System makes a timely request to Applicant for an ownership participation in the Stanislaus Nuclear Project, Unit No. 1 or any future nuclear generating unit for which Applicant applies for a construction permit during the 20-year period immediately following the date of the construction permit for Stanislaus Unit No. 1, Applicant shall offer the requesting party an opportunity to participate in such units, up to an amount reasonable in light

of the relative loads of the participants. With respect to Stanislaus Unit No. 1 or any future nuclear generating unit, a request for participation shall be deemed timely if received within 90 days after the mailing by Applicant to Neighboring Entities and Neighboring Distribution Systems of an announcement of its intent to construct the unit and a request for an expression of interest in participation. Participation shall be on a basis which compensates Applicant for a reasonable share of all its Costs, incurred and to be incurred, in planning, selecting a site for, constructing and operating the facility.

(8)(b) Any Neighboring Entity or any Neighboring Distribution System making a timely request for participation in a nuclear unit must enter into a legally binding and enforceable agreement to assume financial responsibility for its share of the Costs associated with participation in the unit and associated transmission facilities. Unless otherwise agreed by Applicant, a Neighboring Entity or Neighboring Distribution System desiring participation must have signed such an agreement within one year after Applicant has provided to that Neighboring Entity or Neighboring Distribution System pertinent financial and technical data bearing on the feasibility of the project which are then available to Applicant. Applicant shall provide additional pertinent data as they become available during the year. The requesting party shall pay to Applicant forthwith the additional expenses incurred by Applicant in making such financial and technical date available. In any participation agreement subject to this Section, Applicant may require provisions requiring payment by each participant of its share of all costs incurred up to the date of the agreement, requiring each participant thereafter to pay its pro rata share of funds as they are expended for the planning and construction of units and related facilities, and requiring each participant to make such financial arrangements as may be necessary to ensure the ability of the participant to continue to make such payments.

(9) Implementation

(9)(a) All rates, charges, terms and practices are and shall be subject to the acceptance and approval of any regulatory agencies or courts having jurisdiction over them.

(9)(b) Nothing contained herein shall enlarge any rights of a Neighboring Entity or Neighboring Distribution System to provide services to retail customers of Applicant beyond the rights they have under state or federal law.

(9)(c) Nothing in these license conditions shall be construed as a waiver by Applicant of its rights to contest the application of any commitment herein to a particular factual situation.

(9)(d) These license conditions do not preclude Applicant from applying to any appropriate forum to seek such changes in these conditions as may at the time be appropriate in accordance with the then-existing law and Good Utility Practice.

(9)(e) These license conditions do not require Applicant to become a common carrier.

C. This amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by

Roger S. Boyd, Director
Division of Project Management
Office of Nuclear Reactor Regulation

Date of Issuance: DEC 0 6 1978

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PACIFIC GAS AND ELECTRIC COMPANY

(DIABLO CANYON NUCLEAR POWER PLANT, UNIT 2)

DOCKET NO. 50-323

AMENDMENT TO PROVISIONAL CONSTRUCTION PERMIT

Amendment No. 4
Construction Permit No. CPPR-69

A. The Nuclear Regulatory Commission (NRC) having found that:

1. The amendment to Construction Permit No. CPPR-69, for the purpose of including in the Construction Permit the antitrust commitments stated in PG&E's letter of April 30, 1976 to the Department of Justice, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in 10 CFR Chapter 1;

2. The issuance of this amendment is in accordance with 10 CFR Part 51;

3. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and

4. Prior public notice of this amendment is not required since the amendment does not involve a significant hazards consideration.

B. Accordingly, Construction Permit No. CPPR-69 is hereby amended by adding a new paragraph 2.D. which reads as follows:

2.D. This Construction Permit is subject to the following antitrust conditions:

(1) Definitions

(1)(a) "Applicant" means Pacific Gas and Electric Company, any successor corporation, or any assignee of this license.

(1)(b) "Service Area" means that area within the exterior geographic boundaries of the several areas electrically served at retail, now or in the future, by Applicant, and those areas in Northern and Central California adjacent thereto.

(1)(c) "Neighboring Entity" means a financially responsible private or public entity or lawful association thereof owning, contractually controlling or operating, or in good faith proposing to own, to contractually control or to operate facilities for the generation, or transmission at 60 kilovolts or above, of electrric power

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which meets each of the following criteria: (1) its existing or proposed facilities are or will be technically feasible of direct interconnection with those of Applicant; (2) all or part of its existing or proposed facilities are or will be located within the Service Area; (3) its primary purpose for owning, contractually controlling, or operating generation facilities is to sell in the Service Area the power generated; and (4) it is, or upon commencement of operations will be, a public utility regulated under applicable state law or the Federal Power Act, or exempted from regulation by virtue of the fact that it is a federal, state, municipal or other public entity.

(1)(d) "Neighboring Distribution System" means a financially responsible private or public entity which engages, or in good faith proposes to engage, in the distribution of electric power at retail and which meets each of the criteria numbered (1), (2), and (4) in subparagraph (c) above.

(1)(e) "Costs" means all capital expenditures, administrative, general, operation and maintenance expenses, taxes, depreciation and costs of capital including a fair and reasonable return on Applicant's investment, which are properly allocable to the particular service or transaction as determined by the regulatory authority having jurisdiction over the particular service or transaction.

(1)(f) "Good Utility Practice" means those practices, methods and equipment, including levels of reserves and provisions for contingencies, as modified from time to time, that are commonly used in the Service Area to operate, reliably and safely, electric power facilities to serve a utility's own customers dependably and economically, with due regard for the conservation of natural resources and the protection of the environment of the Service Area, provided such practices, methods and equipment are not unreasonably restrictive.

(1)(g) "Firm Power" means that power which is intended to be available to the customer at all times and for which, in order to achieve that degree of availability, adequate installed and spinning reserves and sufficient transmission to move such power and reserves to the load center are provided.

(2) Interconnection

Interconnection agreements negotiated pursuant to these license conditions shall be subject to the following paragraphs (a) through (g):

(2)(a) Applicant shall not unreasonably refuse to interconnect and operate normally in parallel with any Neighboring Entity, or to interconnect with any Neighboring Distribution System. Such interconnections shall be consistent with Good Utility Practice.

(2)(b) Interconnection shall be at one point unless otherwise agreed by the parties to an interconnection agreement. Interconnection shall not be limited to lower voltages when higher voltages are preferable from the standpoint of Good Utility Practice and are available from Applicant. Applicant may include in any interconnection agreement provisions that a Neighboring Entity or Neighboring Distribution System maintain the power factor associated with its load at a comparable level to that maintained by Applicant in the same geographic area and use comparable control methods to achieve this objective.

(2)(c) Interconnection agreements shall not provide for more extensive facilities or control equipment at the point of interconnection than are required by Good Utility Practice unless the parties mutually agree that particular circumstances warrant special facilities or equipment.

(2)(d) The Costs of additional facilities required to provide service at the point of interconnection shall be allocated on the basis of the projected economic benefits for each party from the interconnection after consideration of the various transactions for which the interconnection facilities are to be used, unless otherwise agreed by the parties.

(2)(e) An interconnection agreement shall not impose limitations upon the use or resale of capacity and energy sold or exchanged under the agreement except as may be required by Good Utility Practice.

(2)(f) An interconnection agreement shall not prohibit any party from entering into other interconnection agreements, but may provide that (1) Applicant receive adequate notice of any additional interconnection arrangement with others, (2) the parties jointly consider and agree upon additional contractual provisions, measures, or equipment, which may be required by Good Utility Practice as a result of the new arrangement, and (3) Applicant may terminate the interconnection agreement if the reliability of its system or service to its customers would be adversely affected by such additional interconnection arrangement.

(2)(g) Applicant may include provisions in an interconnection agreement requiring a Neighboring Entity or Neighboring Distribution System to develop with Applicant a coordinated program for underfrequency load shedding and tie separation. Under such programs the parties shall equitably share the interruption or curtailment of customer load.

(3) Reserve Coordination

Interconnection agreements negotiated pursuant to these license conditions shall be subject to the following paragraphs (a) through (e) regarding reserve coordination:

(3)(a) Applicant and any Neighboring Entity with which it interconnects shall jointly establish and separately maintain the minimum reserves to be installed or otherwise provided under an interconnection agreement. Unless otherwise mutually agreed upon, reserves shall be expressed as a percentage of estimated firm peak load and the minimum reserve percentage shall be at least equal to Applicant's planned reserve percentage without the interconnection. A Neighboring Entity shall not be required to provide reserves for that portion of its load which it meets through purchases of Firm Power. While different reserve percentages may be specified in various interconnection agreements, no party to an interconnection agreement shall be required to provide a greater reserve percentage than Applicant's planned reserve percentage, except that if the total reserves Applicant must provide to maintain system reliability equal to that existing without a given interconnection arrangement are increased by reason of the new arrangement, then the other party or parties may be required to install or provide additional reserves in the full amount of such increase.

(3)(b) Applicant and Neighboring Entities with which it interconnects shall jointly establish and separately maintain the minimum spinning reserves to be provided under an interconnection agreement. Unless otherwise mutually agreed upon, spinning reserves shall be expressed as a percentage of peak load and the minimum spinning reserve percentage shall be at least equal to Applicant's spinning reserve percentage without the interconnection. A Neighboring Entity shall not be required to provide spinning reserves for that portion of its load which it meets through purchases of Firm Power. While different spinning reserve percentages may be specified in various interconnection agreements, no party to an interconnection agreement shall be required to provide a greater spinning reserve percentage than that which Applicant provides, except that if the total spinning reserves Applicant must provide to maintain system reliability equal to that existing without a given interconnection arrangement are increased by reason of the new arrangement, then the other party or parties may be required to provide additional spinning reserves in the full amount of such increase.

(3)(c) Applicant shall offer to sell, on reasonable terms and conditions, including a specified period, capacity to a Neighboring Entity for use as reserves if such capacity is neither needed for Applicant's own system nor contractually committed to others and if the Neighboring Entity will offer to sell, on reasonable terms and conditions, its own such capacity to Applicant.

(3)(d) Applicant may include in any interconnection agreement provisions requiring a Neighboring Entity to compensate Applicant for any reserves Applicant makes available as the result of the failure of such Neighboring Entity to maintain all or any part of the reserves it has agreed to provide in said interconnection agreement.

(3)(e) Applicant shall offer to coordinate maintenance schedules with Neighboring Entities interconnected with Applicant and to exchange or sell maintenance capacity and energy when such capacity and energy are available and it is reasonable to do so in accordance with Good Utility Practice.

(4) Emergency Power

Applicant shall sell emergency power to any interconnected Neighboring Entity which maintains the level of minimum reserve agreed upon with Applicant, agrees to use due diligence to correct the emergency, and agrees to sell emergency power to Applicant. Applicant shall engage in such transactions if and when capacity and energy for such transactions are available from other sources, but only to the extent that it can do so without impairing service to Applicant's retail or wholesale power customers or impairing its ability to discharge prior commitments.

(5) Other Power Exchanges

Should Applicant have on file, or hereafter file, with the Federal Power Commission, agreements or rate schedules providing for the sale and purchase of short-term capacity and energy, limited-term capacity and energy, long-term capacity and energy or economy energy, Applicant shall, on a fair and equitable basis, enter into like or similar agreements with any Neighboring Entity, when such forms of capacity and energy are available, recognizing that past experience, different economic conditions and Good Utility Practice may justify different rates, terms and conditions. Applicant shall respond promptly to inquiries of Neighboring Entities concerning the availability of such forms of capacity and energy from its system.

(6) Wholesale Power Sales

Upon request, Applicant shall offer to sell firm, full or partial requirements power for a specified period to an interconnected Neighboring Entity or Neighboring Distribution System under a contract with reasonable terms and conditions including provisions which permit Applicant to recover its Costs. Such wholesale power sales must be consistent with Good Utility Practice. Applicant shall not be required to sell Firm Power at wholesale if it does not have available sufficient generation or transmission to supply the requested service or if the sale would impair service to its retail customers or its ability to discharge prior commitments.

(7) Transmission Services

(7)(a) Applicant shall transmit power pursuant to interconnection agreements, with provisions which are appropriate to the requested transaction and which are consistent with these license conditions. Except as listed below, such service shall be provided (1) between two or among more than two Neighboring Entities or sections of a Neighboring Entity's system which are geographically separated, with which, now or in the future, Applicant is interconnected, (2) between a Neighboring Entity with which, now or in the future, it is interconnected and one or more Neighboring Distribution Systems with which, now or in the future, it is connected and (3) between any Neighboring Entity or Neighboring Distribution System(s) and the Applicant's point of direct interconnection with any other electric system engaging in bulk power supply outside the area then electrically served at retail by Applicant. Applicant shall not be required by this Section to transmit power (1) from a hydroelectric facility the ownership of which has been involuntarily transferred from Applicant or (2) from a Neighboring Entity for sale to any electric system located outside the exterior geographic boundaries of the several areas then electrically served at retail by Applicant if any other Neighboring Entity, Neighboring Distribution System, or Applicant wishes to purchase such power at an equivalent price for use within said areas. Any Neighboring Entity or Neighboring Distribution System(s) requesting transmission service shall give reasonable advance notice to Applicant of its schedule and requirements. Applicant shall not be required by this Section to provide transmission service if the proposed transaction would be inconsistent with Good Utlity Practice or if the necessary transmission facilities are committed at the time of the request to be fully-loaded during the period for which service is requested, or have been previously reserved by Applicant for emergency purposes, loop flow, or other uses consistent with Good Utility Practice; provided, that with respect to the Pacific Northwest-Southwest Intertie, Applicant shall not be required by this Section to provide the requested transmission service if it would impair Applicant's own use of this facility consistent with the Bonneville Project Act, (50 Stat. 731, August 20, 1937), Pacific Northwest Power Marketing Act (78 Stat. 756, August 31, 1964) and the Public Works Appropriations Act, 1965 (78 Stat. 682, August 30, 1964).

(7)(b) Applicant shall include in its planning and construction programs such increases in its transmission capacity or such additional transmission facilities as may be required for the transactions referred to in paragraph (a) of this Section, provided any Neighboring Entity or Neighboring Distribution System gives Applicant sufficient advance notice as may be necessary to accommodate its requirements from a regulatory and technical standpoint and provided further that the entity requesting transmission services compensates Applicant for the Costs incurred as a result of the request. Where transmission capacity will be increased or additional transmission facilities will be installed to provide or maintain the requested service to a Neighboring Entity or Neighboring Distribution System, Applicant may require, in addition to a rate for use of other facilities, that payment of Costs associated with the increased capacity or additional facilities shall be made by the parties in accordance with and in advance of their respective use of the new capacity or facilities.

(7)(c) Nothing herein shall require Applicant (1) to construct additional transmission facilities if the construction of such facilities is inconsistent with Good Utility Practice or if such facilities could be constructed without duplicating any portion of Applicant's transmission system, (2) to provide transmission service to a retail customer or (3) to construct transmission outside the area then electrically served at retail by Applicant.

(7)(d) Rate schedules and agreements for transmission services provided under this Section shall be filed by Applicant with the regulatory agency having jurisdiction over such rates and agreements.

(8) Access to Nuclear Generation

(8)(a) If a Neighboring Entity or Neighboring Distribution System makes a timely request to Applicant for an ownership participation in the Stanislaus Nuclear Project, Unit No. 1 or any future nuclear generating unit for which Applicant applies for a construction permit during the 20-year period immediately following the date of the construction permit for Stanislaus Unit No. 1, Applicant shall offer the requesting party an opportunity to participate in such units, up to an amount reasonable in light

of the relative loads of the participants. With respect to Stanislaus Unit No. 1 or any future nuclear generating unit, a request for participation shall be deemed timely if received within 90 days after the mailing by Applicant to Neighboring Entities and Neighboring Distribution Systems of an announcement of its intent to construct the unit and a request for an expression of interest in participation. Participation shall be on a basis which compensates Applicant for a reasonable share of all its Costs, incurred and to be incurred, in planning, selecting a site for, constructing and operating the facility.

(8)(b) Any Neighboring Entity or any Neighboring Distribution System making a timely request for participation in a nuclear unit must enter into a legally binding and enforceable agreement to assume financial responsibility for its share of the Costs associated with participation in the unit and associated transmission facilities. Unless otherwise agreed by Applicant, a Neighboring Entity or Neighboring Distribution System desiring participation must have signed such an agreement within one year after Applicant has provided to that Neighboring Entity or Neighboring Distribution System pertinent financial and technical data bearing on the feasibility of the project which are then available to Applicant. Applicant shall provide additional pertinent data as they become available during the year. The requesting party shall pay to Applicant forthwith the additional expenses incurred by Applicant in making such financial and technical date available. In any participation agreement subject to this Section, Applicant may require provisions requiring payment by each participant of its share of all costs incurred up to the date of the agreement, requiring each participant thereafter to pay its pro rata share of funds as they are expended for the planning and construction of units and related facilities, and requiring each participant to make such financial arrangements as may be necessary to ensure the ability of the participant to continue to make such payments.

(9) Implementation

(9)(a) All rates, charges, terms and practices are and shall be subject to the acceptance and approval of any regulatory agencies or courts having jurisdiction over them.

(9)(b) Nothing contained herein shall enlarge any rights of a Neighboring Entity or Neighboring Distribution System to provide services to retail customers of Applicant beyond the rights they have under state or federal law.

(9)(c) Nothing in these license conditions shall be construed as a waiver by Applicant of its rights to contest the application of any commitment herein to a particular factual situation.

(9)(d) These license conditions do not preclude Applicant from applying to any appropriate forum to seek such changes in these conditions as may at the time be appropriate in accordance with the then-existing law and Good Utility Practice.

(9)(e) These license conditions do not require Applicant to become a common carrier.

C. This amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by

Roger S. Boyd, Director
Division of Project Management
Office of Nuclear Reactor Regulation

Date of Issuance: **DEC 0 6 1978**

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JGoldberg
12/ /78

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12/ /78

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UNITED STATES NUCLEAR REGULATORY COMMISSION

DOCKET NOS. 50-275 AND 50-323

PACIFIC GAS AND ELECTRIC COMPANY

(Diablo Canyon Nuclear Power Plant, Units 1 and 2)

NOTICE OF ISSUANCE OF AMENDMENT TO CONSTRUCTION PERMITS

The U. S. Nuclear Regulatory Commission (NRC) has issued Amendments 1 and 4, respectively, to Construction Permit Nos. CPPR-39 and CPPR-69 issued to the Pacific Gas and Electric Company for Diablo Canyon Nuclear Power Plant, Units 1 and 2, located in San Luis Obispo County, California.

The amendments provide for the addition of certain antitrust conditions. The Diablo Canyon Nuclear Power Plant is not subject to an antitrust review under Section 105C of the Atomic Energy Act, as amended. More recent nuclear power plants are subject to such review. However, in connection with the NRC's proceedings on the Stanislaus Nuclear Project, Pacific Gas and Electric Company agreed to include antitrust commitments as conditions in the Diablo Canyon licenses in certain circumstances which have occurred.

In a letter to the U. S. Department of Justice (DOJ), dated April 30, 1976, PG&E stated that, in the event a construction permit for the Stanislaus Nuclear Project was not issued by the NRC prior to July 1, 1978, PG&E was willing to have its license(s) for the Diablo Canyon Nuclear Power Plants, Units 1 and 2, amended to incorporate certain antitrust commitments. This willingness was contingent upon the DOJ advising the NRC that no antitrust hearing was necessary in connection with licensing the Stanislaus Project. The DOJ provided such advice in a letter dated May 5, 1976.

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Since no construction permit for the Stanislaus Project had yet been issued, the NRC staff advised PG&E, in a letter dated September 15, 1978, of its intention to include the antitrust commitments as conditions in the Diablo Canyon Construction Permits. PG&E responded, in a letter dated September 19, 1978, stating that it had no objection to such an amendment.

The amendments comply with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations. The staff has made appropriate findings as required by the Act and the Commission's regulations in 10 CFR Chapter 1, which are set forth in the amendment.

In accordance with 10 CFR 50.91, prior public notice of these amendments was not required since the amendments do not involve significant hazards considerations.

The staff has determined that the issuance of these amendments will not result in any significant environmental impact and that pursuant to 10 CFR Section 51.5(d)(4) an environmental impact statement, or negative declaration and environmental impact appraisal need not be prepared in connection with issuance of these amendments.

For further details with respect to this action, see (1) letters related to the amendments dated April 20, 1976, May 5, 1976, September 15, 1978, and September 19, 1978, (2) Amendment Nos. 1 and 4 to CPPR-39 and CPPR-69, respectively, and (3) the staff's related Evaluation of an Amendment to Include Antitrust Conditions in the Diablo Canyon Construction Permits.

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All of these items and other related material are available for public inspection at the Commission's Public Document Room, 1717 H Street, N. W., Washington, D. C. and at the Local Public Document Room located in San Luis Obispo County Free Library, P. O. Box X, San Luis Obispo, California 93406.

A copy of items (1), (2), and (3) may be obtained upon written request to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, ATTN: Director, Division of Project Management, Office of Nuclear Reactor Regulation.

Dated at Bethesda, Maryland, this 6th day of Dec 1978.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by

John F. Stolz, Chief
Light Water Reactors Branch No. 1
Division of Project Management

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DATE➤	12/ /78	12/ /78	12/ /78	12/ /78		

EVALUATION OF AN AMENDMENT TO INCLUDE ANTITRUST CONDITIONS IN CONSTRUCTION PERMITS FOR THE DIABLO CANYON NUCLEAR POWER PLANT, UNITS 1 AND 2

The Pacific Gas and Electric Company holds construction permits CPPR-39 and CPPR-69 for Units 1 and 2, respectively, of the Diablo Canyon Nuclear Power Plant.

The construction permit for Unit 1, CPPR-39, was issued on April 23, 1968. No amendments to CPPR-39 have previously been issued. It was last modified by an Order on October 13, 1978 extending the latest date for completion of construction.

The construction permit for Unit 2 was issued on December 9, 1970. The last amendment to CPPR-69 was Amendment Number 3 dated August 14, 1974. It was last modified by an Order on October 13, 1978 extending the latest date for completion of construction.

The Diablo Canyon Nuclear Power Plant is not subject to an antitrust review under Section 105C of the Atomic Energy Act, as amended. More recent nuclear power plants are subject to such review. However, in connection with the NRC's proceedings on the Stanislaus Nuclear Project, Pacific Gas and Electric Company agreed to include antitrust commitments as conditions in the Diablo Canyon licenses in certain circumstances which have occurred.

In a letter to the U. S. Department of Justice (DOJ) dated April 30, 1976, PG&E stated that, in the event a construction permit for the Stanislaus Nuclear Project was not issued by the NRC prior to July 1, 1978, PG&E was willing to have its license(s) for the Diablo Canyon Nuclear Power Plants, Units 1 and 2, amended to incorporate certain antitrust commitments. This willingness was contingent upon the DOJ advising the NRC that no antitrust hearing was necessary in connection with licensing the Stanislaus Project. The DOJ provided such advice in a letter dated May 5, 1976.

Since no construction permit for the Stanislaus Project had yet been issued, the NRC staff advised PG&E, in a letter dated September 15, 1978, of its intention to include the antitrust commitments as conditions in the Diablo Canyon Construction Permits. PG&E responded, in a letter dated September 19, 1978, stating that it had no objection to such an amendment.

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Based on these factors, the NRC staff is treating this matter as a request from PG&E to amend the construction permits for the Diablo Canyon Nuclear Power Plant to include the antitrust commitments stated in PG&E's letter of April 30, 1976 as conditions. The NRC staff has reviewed this matter and concludes that the amendments are appropriate.

From an antitrust standpoint, DOJ has reviewed the PG&E commitments and provided its advice in a letter dated May 5, 1976, and this amendment of the construction permits simply effectuates the agreement that has been reached between PG&E and DOJ. For these reasons we have concluded that these amendments should be issued.

An antitrust proceeding is currently in progress involving the Stanislaus Project. The Board in that proceeding will determine whether there is a need to add antitrust conditions to the Stanislaus license.

As a result of the NRC staff's review of the Final Safety Analysis Report to date, and considering the nature of the amendments, we have identified no area of significant safety considerations in connection with this amendment. The assessment of potential environmental impact associated with site preparation and the construction of Units 1 and 2 of the Diablo Canyon Nuclear Power Plant were addressed in the Final Environmental Statement (FES) issued in May 1973. The staff has determined that considering the nature of the amendment, this is an administrative action since it does not alter impacts described in the FES or create new impacts not previously addressed in the statement. Having made this determination, the staff has concluded, pursuant to 10 CFR Part 51.5(d)(4), that an environmental statement, negative declaration or environmental impact appraisal need not be prepared in connection with the issuance of this amendment.

Accordingly, issuance of amendments incorporating the antitrust commitments that PG&E has agreed to as conditions is reasonable and should be authorized.

Original Signed by

D. P. Allison, Project Manager
Light Water Reactors Branch No. 1
Division of Project Management

Original Signed by

John F. Stolz, Chief
Light Water Reactors Branch No. 1
Division of Project Management

Dated: DEC 0 6 1978

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DATE ➤	12/ /78	12/ /78				

DIABLO CANYON, UNITS 1 and 2 CONSTRUCTION PERMIT AMENDMENTS 1 and 4
DATED December 6, 1978

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Local PDR
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DAllison
EGHylton (5)
FJWilliams
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MJinks, (4)
IE (3)
NDube, MPA
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