

Docket Nos. 50-275
and 50-323 ✓

MAY 7 1974

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Pacific Gas and Electric Company
ATTN: Mr. Frederick T. Searis
Vice President and General Counsel
77 Beale Street
San Francisco, California 94106

Gentlemen:

As part of the overall review of your application for operating licenses for Diablo Canyon Units 1 and 2, the financial information described in Enclosure No. 1 is required in order to evaluate the financial qualifications of Pacific Gas and Electric Company to operate the subject facility.

In order to allow adequate time for evaluation of your responses, we require that you submit the requested financial information by June 7, 1974. Please inform us within seven (7) days of receipt of this letter of your confirmation of this schedule date or the date you will be able to meet.

Please contact us if you have any questions regarding the information that has been requested.

Sincerely,

Original Signed By,
O. D. Parr

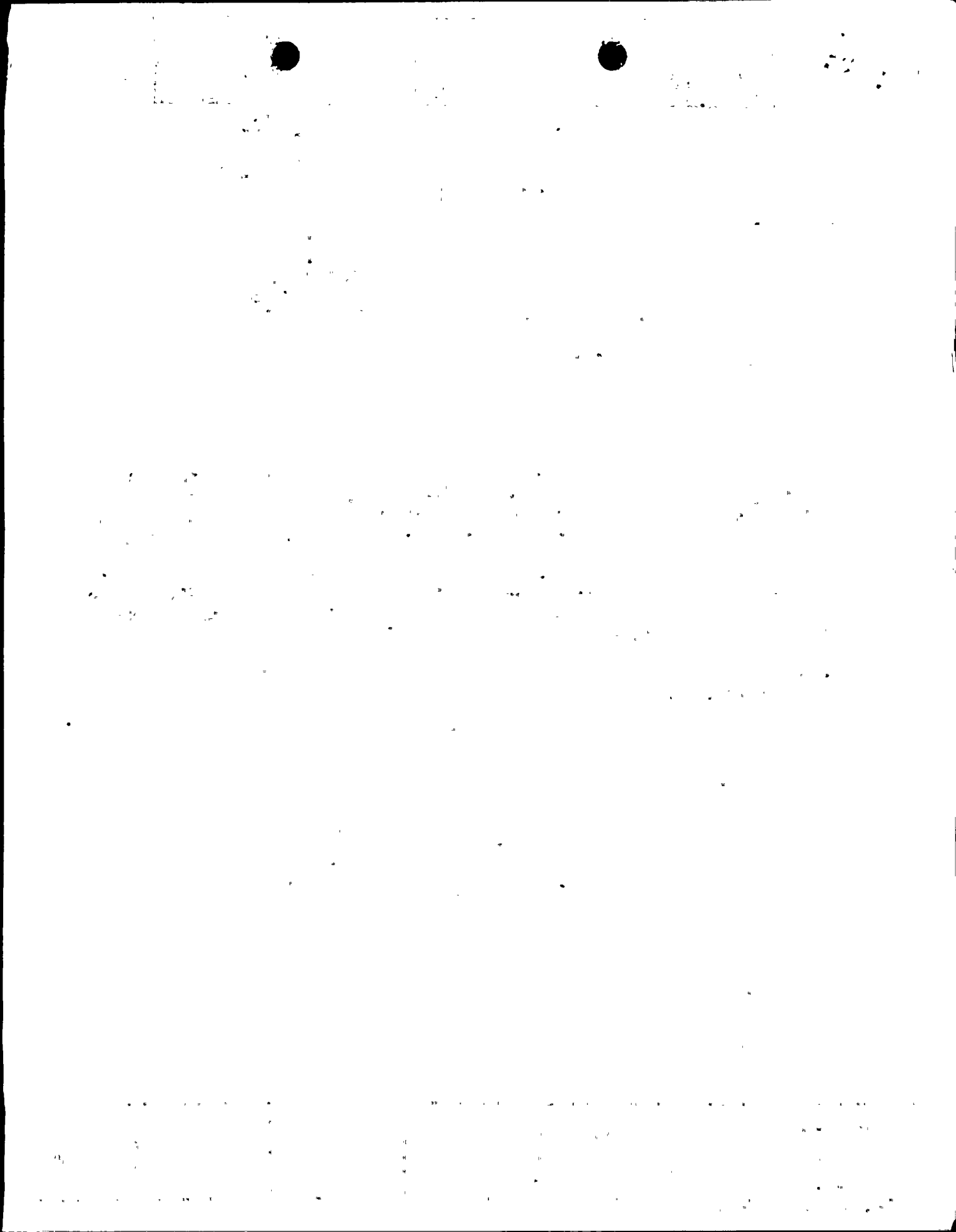
Olan D. Parr, Chief
Light Water Reactors
Project Branch 1-3
Directorate of Licensing

Enclosure:
As stated

cc: See page 2

Appd

OFFICE	L:LWR 1-3	L:LWR 1-3				
SURNAME	THirons:cls	ODParr				43
DATE	5/ /74	5/ /74				



Pacific Gas and Electric Company - 2,-

cc: Mr. W. J. Lindblad, Project Engineer
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94106

Andrew J. Skaff, Esq.
California Public Utilities Commission
350 McAllister Street
San Francisco, California 94102

Mr. Frederick Eissler, President
Scenic Shoreline Preservation
Conference, Inc.
4623 More Mesa Drive
Santa Barbara, California 93105

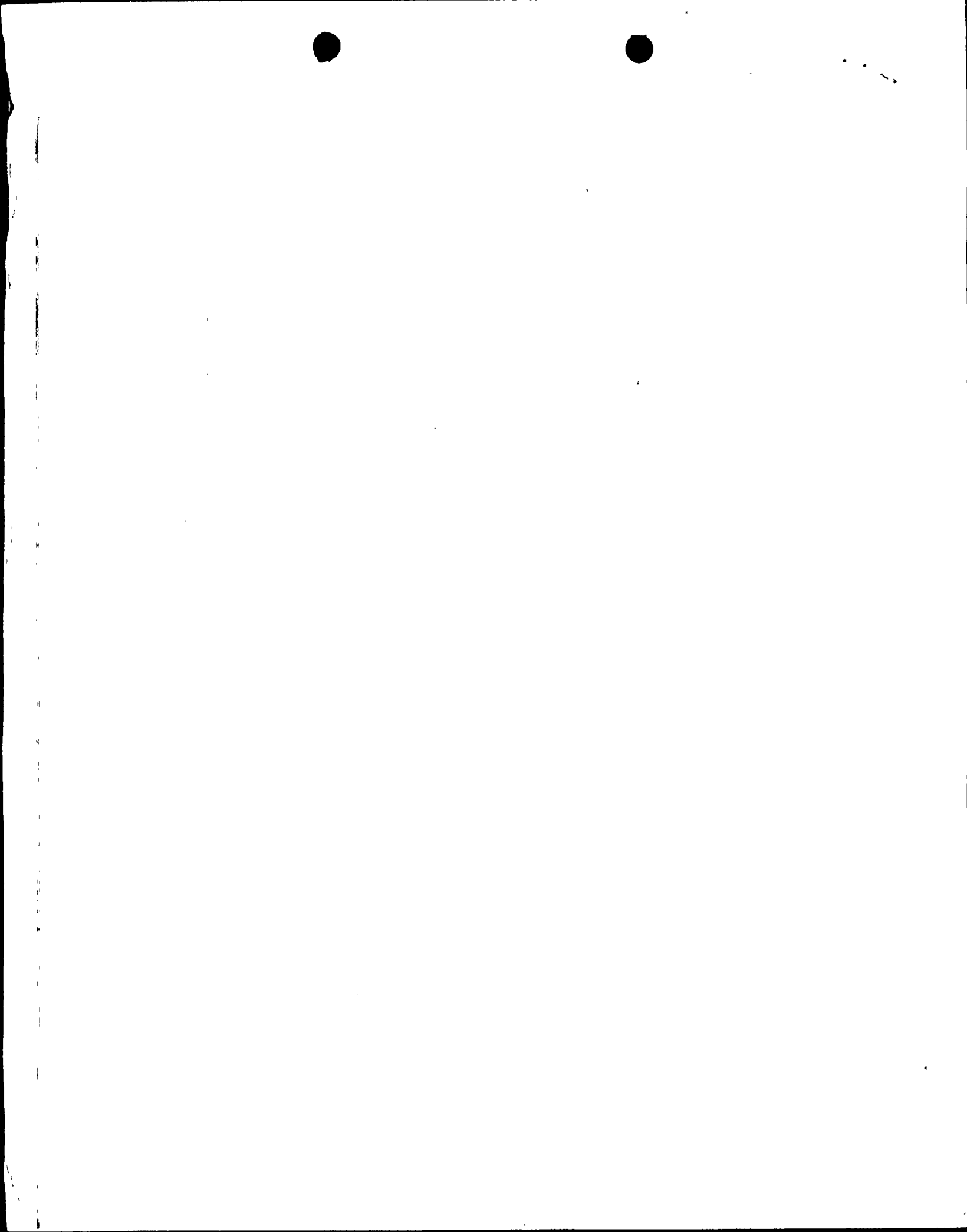
Ms. Elizabeth E. Apfelberg
1415 Cazadero
San Luis Obispo, California 93401

Ms. Sandra A. Silver
1315 Cecelia Court
San Luis Obispo, California 93401

Mr. John Forster
503 Mitchell Drive
San Luis Obispo, California 93401

Mr. Lonnie Valentine
4580 San Jacinto
Atascadero, California 93422

P. A. Crane, Jr., Esq.
Pacific Gas and Electric Company
245 Market Street
San Francisco, California 94106



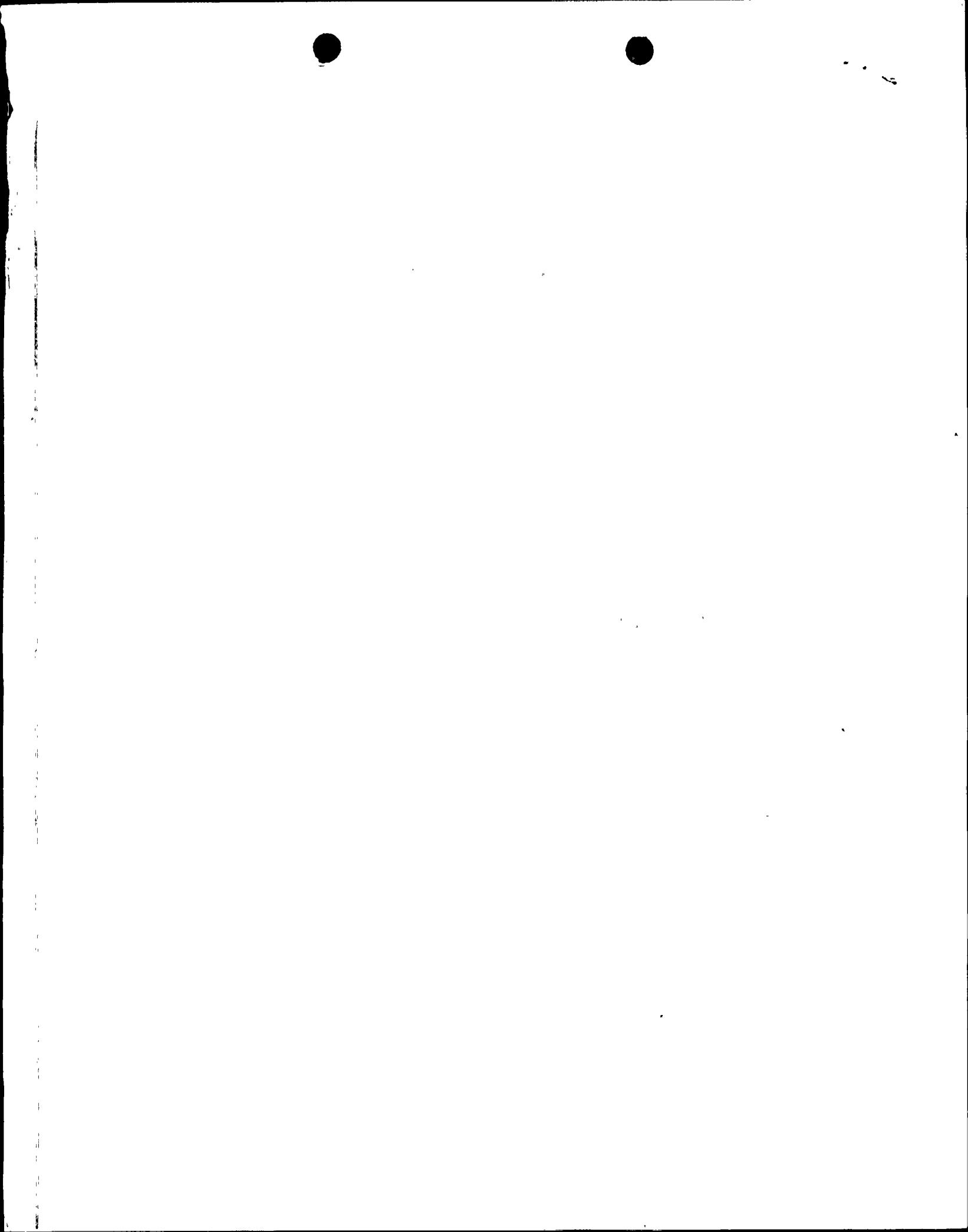
ENCLOSURE NO. 1

ADDITIONAL FINANCIAL INFORMATION REQUIRED

PACIFIC GAS AND ELECTRIC COMPANY

UNITS 1 AND 2 DIABLO CANYON SITE

1. Indicate the estimated annual costs to operate the subject facility during the initial five-year period of the operating license. The types of costs included in the estimate should be indicated and should include (but not necessarily limited to) operation and maintenance expenses with fuel costs shown separately, depreciation, taxes, and required return on investment. Indicate the source or sources of funds to cover all of the estimated costs. (Attached is a form which may be used for each year of the five-year period.)
2. Indicate the estimated costs of permanently shutting down the facility, a listing of what is included in these costs, the assumptions made in estimating the costs, the type of shutdown contemplated, and the source of funds to cover these costs.
3. Provide an estimate of the annual cost to maintain the shutdown facility in a safe condition. Indicate what is included in the estimate, assumptions made in estimating the costs, the type of shutdown contemplated, and the source of funds to cover these costs.
4. Provide copies of the prospectus for a recent security issue.
5. Provide copies of the most recent balance sheet, income statement, and statement of sources and applications of funds.
6. Indicate if the applicant expects to be able to sell power produced by the subject facility at a rate which will cover all costs of production plus a reasonable return on invested capital.
7. Provide a copy of the most recent Officer's Certificate prepared by the applicant in connection with the issuance of mortgage bonds and showing interest coverage and debt ratio calculations pursuant to the applicable bond indenture.
8. Provide any other information which would be needed to determine the financial ability of the applicant to operate the reactor and to shut down the reactor and maintain it in a safe condition.



ATTACHMENT

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT:

FOR THE CALENDAR YEAR 19____

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor _____%).....	\$ _____
Other operating expenses.....	_____
Maintenance expenses.....	_____
Total nuclear power generation.....	_____

Transmission expenses.....

Administrative and general expenses

Property and liability insurance.....	_____
Other A.&G. expenses.....	_____
Total A.&G. expenses.....	_____
TOTAL O&M EXPENSES.....	_____

Depreciation expense.....

Taxes other than income taxes

Property taxes.....	_____
Other.....	_____
Total taxes other than income taxes.....	_____

Income taxes - Federal.....

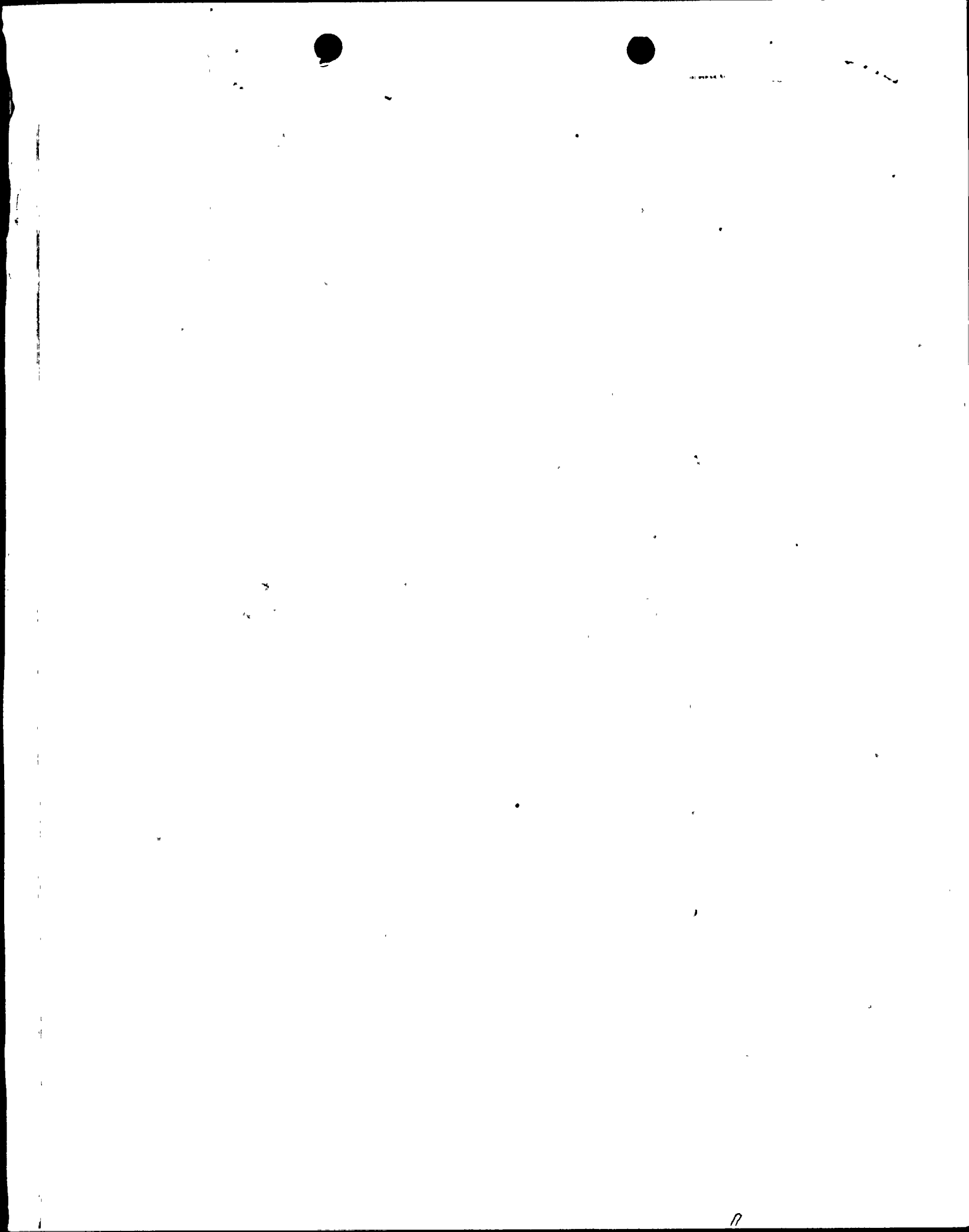
Income taxes - other.....

Deferred income taxes - net.....

Investment tax credit adjustments - net.....

Return (rate of return: _____%).....

TOTAL ANNUAL COST OF OPERATION
\$ _____



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B Wade
VHWilson
RO (3)
MJinks
ACRS (16)

APR 24 1974

Docket No. 50-323

Pacific Gas and Electric Company
ATTN: Mr. Frederick T. Searls
Vice President and General Counsel
77 Beale Street
San Francisco, California 94106

Gentlemen:

Enclosed for your information is an Order by the Director of Regulation lifting the suspension of certain construction activities involving the Diablo-Midway No. 3 Transmission Line. The Director of Regulation's Order has been issued pursuant to the Order dated April 4, 1974, by the Atomic Safety and Licensing Board, a copy of which is enclosed.

Sincerely,
Original Signed By
O. D. Parr

Olan D. Parr, Chief
Light Water Reactors Group 1-3
Directorate of Licensing

Enclosures:

- 1. Order by Director of Regulation
- 2. Order by Atomic Safety and Licensing Board

bcc: JRBuchanan, ORNL
TBAbernathy, DTIE
ARosenthal, ASLAB
NHGoodrich, ASLBP

cc: See attached

Retyped to change signature block. See attached yellow for previous concurrences.

APR 24 1974 CB

OFFICE ▶	L:LWR 1-3 X7242	L:LWR 1-3	OGC	L:LWR 1-3 ODP	EP	
SURNAME ▶	VHWilson	TJHirons	LChandler	ODParr	PLeech	
DATE ▶	4/24/74	4/11/74	4/18/74	4/24/74	4/15/74	

DISTRIBUTION:

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DRMuller
RCushman
Bwade
VHWilson (2)
RO (3)
MJinks
ACRS (16)

Docket No. 50-323

Pacific Gas and Electric Company
ATTN: Mr. Frederick T. Searls
Vice President and General Counsel
77 Beale Street
San Francisco, California 94106

Gentlemen:

Enclosed for your information is an Order by the Director of Regulation lifting the suspension of certain construction activities involving the Diablo-Midway No. 3 Transmission Line. The Director of Regulation's Order has been issued pursuant to the Order dated April 4, 1974, by the Atomic Safety and Licensing Board, a copy of which is enclosed.

Sincerely,

Karl R. Goller, Chief
Light Water Reactors Group 1-3
Directorate of Licensing

Enclosures:

- Order by Director of Regulation
- Order by Atomic Safety and Licensing Board

bcc: JRBuchanan, ORNL
TBAbernathy, DTIE
ARosenthal, ASLAB
NHGoodrich, ASLBP

cc: See attached

OFFICE ▶	L:LWR 1-3 x7415	L:LWR 1-3	OGC <i>pp</i> L-CHANDLER	L:LWR 1-3 KRG	EB <i>P. Searls</i>
SURNAME ▶	VHWilson, esp.	TJHirons		KRGoller	
DATE ▶	4/10/74	4/11/74	4/18/74	4/11/74	4/15/74

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
5800 S. UNIVERSITY AVENUE
CHICAGO, ILLINOIS 60637

TO: [Name]
FROM: [Name]
SUBJECT: [Subject]

[Text]

[Text]

[Text]

[Text]

[Text]

cc w/encls:

Philip A. Crane, Jr., Esq.
Pacific Gas & Electric Company
77 Beale Street
San Francisco, California 94106

Andrew J. Skaff, Esq.
California Public Utilities Commission
350 McAllister Street
San Francisco, California 94102

Mr. Frederick Eissler, President
Scenic Shoreline Preservation
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Mr. John Forster
503 Mitchell Drive
San Luis Obispo, California 93401

Mr. Lonnie Valentine
4580 San Jacinto
Atascadero, California 93422

Dr. Simon Kinsman, Chief
Radiological Health Section
722 Capital Mall, Room 2077
Sacramento, California 95814

Mr. Hans Heilman, Chairman
Board of Supervisors
County Courthouse
San Luis Obispo, California 93401

Mr. Tom Jones
Environmental Protection Agency
100 California Street
San Francisco, California 94111

OFFICE ▶						
SURNAME ▶						
DATE ▶						

UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

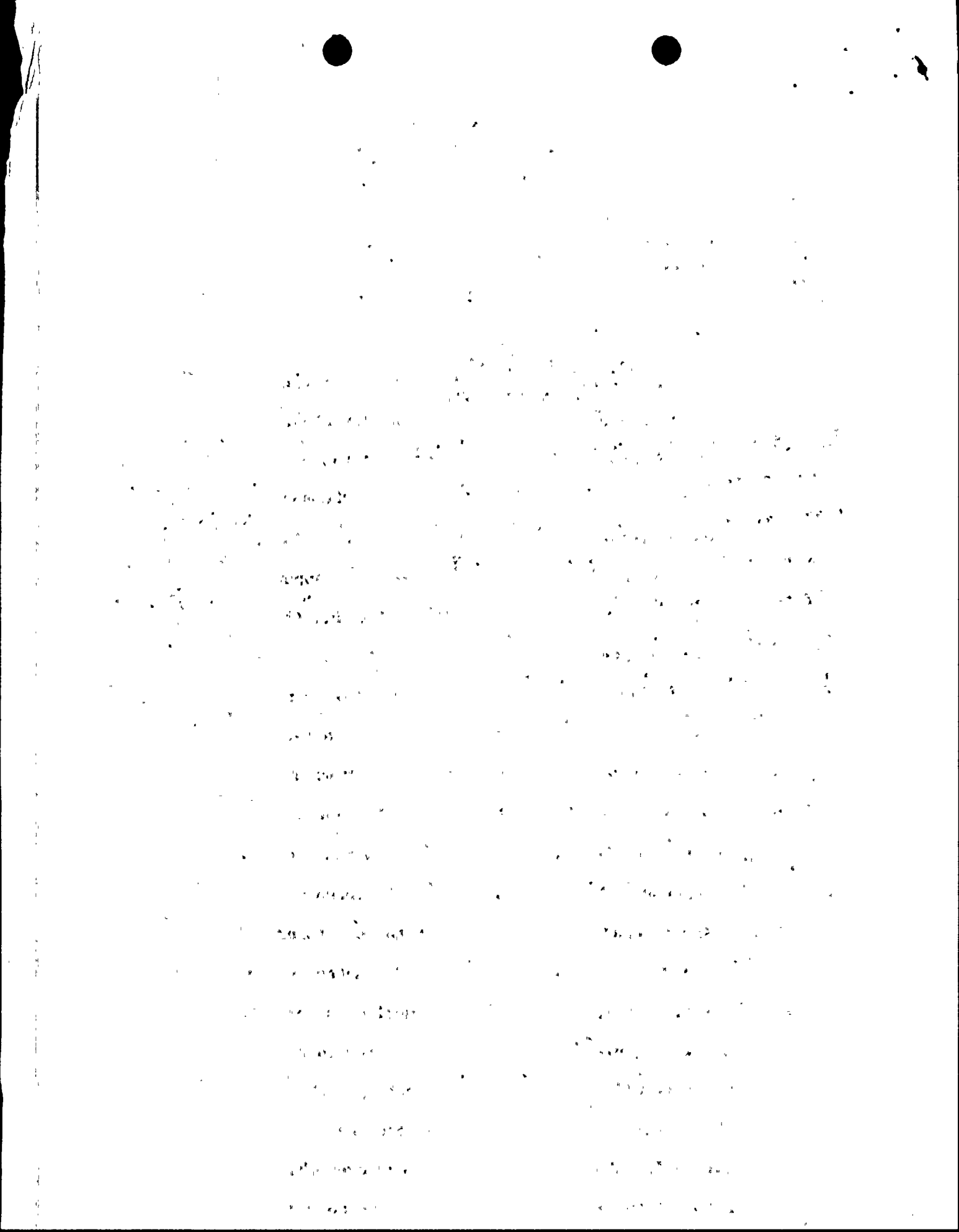
In the Matter of)
)
PACIFIC GAS & ELECTRIC COMPANY) Docket No. 50-323
(Diablo Canyon Nuclear Power Plant)
Unit 2))

ORDER LIFTING SUSPENSION OF CERTAIN
CONSTRUCTION ACTIVITIES AT THE DIABLO
CANYON NUCLEAR POWER PLANT, UNIT 2

By Order dated February 4, 1972, construction activities involving clearing the off-site right-of-way and constructing the Diablo-Midway No. 3 ^{1/} transmission line was suspended pending completion of the Commission's review pursuant to the National Environmental Policy Act of 1969 (NEPA) and the Commission's regulations, 10 CFR Part 50, Appendix D, in regard to Diablo Canyon Nuclear Power Plant, Units 1 and 2. This transmission line connects the Diablo Canyon Nuclear Power Plant, Units 1 and 2, with the Midway substation of Pacific Gas & Electric Company's system.

The environmental review by the AEC Regulatory staff was completed in May 1973 at which time the Final Environmental Statement related to the Diablo Canyon facilities was issued (38 F.R. 14183). With respect to Unit 1, no request for hearing was received in response to the Commission's Notice of Opportunity for Hearing pursuant to 10 CFR Part 50, Appendix D, Section C (38 F.R. 6223). Accordingly, the Commission's environmental review was unopposed for Unit 1 and was completed upon issuance of the

^{1/} Designated therein as the second Diablo-Midway transmission line.

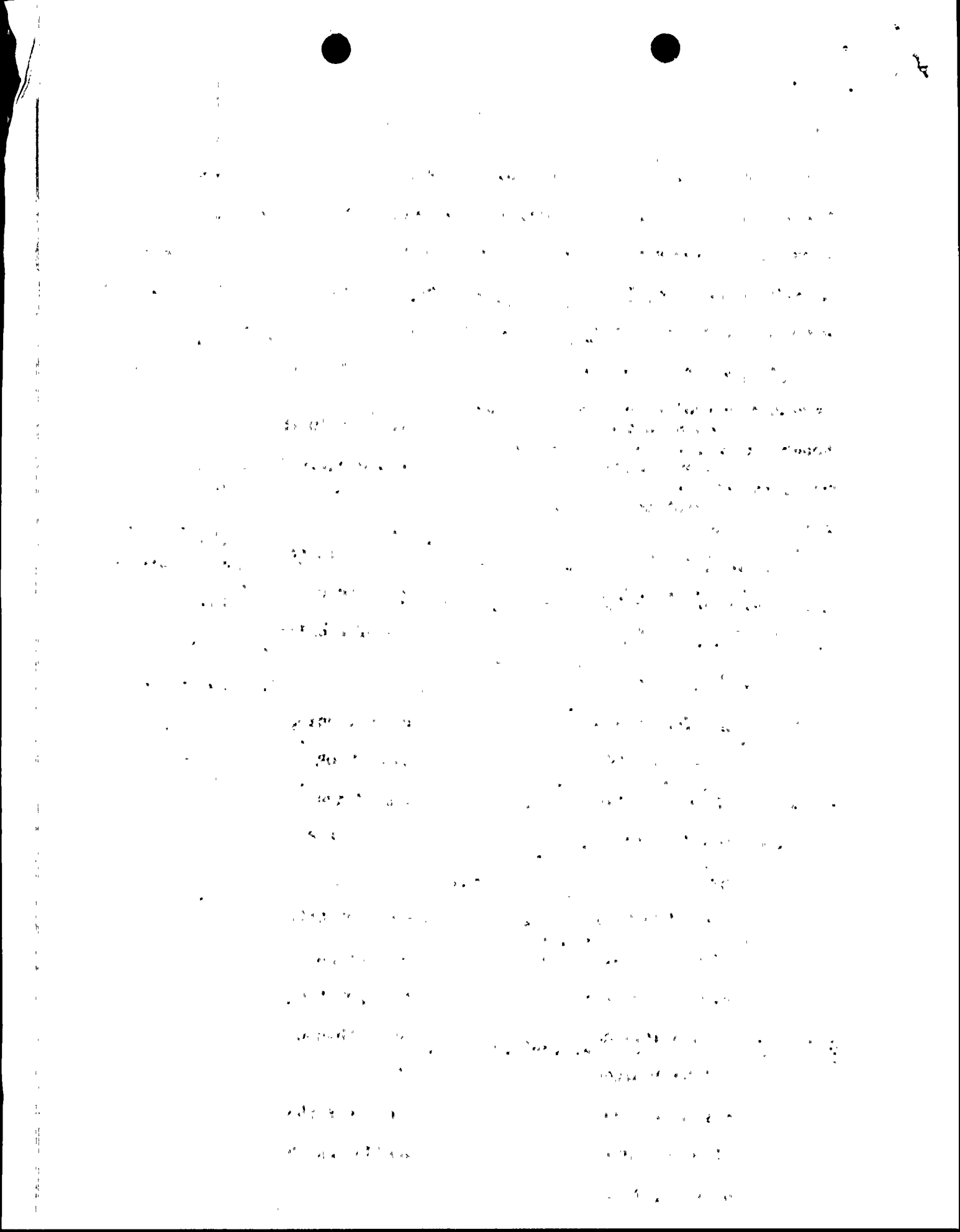


Final Environmental Statement in May 1973, which relates to both Units 1 and 2. The environmental impacts associated with construction of transmission lines were considered in this Final Environmental Statement. No action was taken at that time with respect to the suspension due to the pending proceeding relating to Unit 2. Subsequently, in September 1973, a hearing was commenced pursuant to 10 CFR Part 50, Appendix D, Section B, in accordance with the Commission's Notice of Hearing (37 F.R. 28542), to determine whether construction activities related to Unit 2 should be continued, modified, terminated, or appropriately conditioned to protect the environment. As part of this proceeding, consideration was given to the aforementioned transmission line and the environmental impacts associated therewith. The hearing was completed with respect to all matters except the issue of conservation of energy for which the Board ordered the hearing reopened. While the hearing is continued with respect to matters relative to conservation of energy, the presiding Atomic Safety and Licensing Board (Board) has issued an Order dated April 4, 1974, authorizing lifting of suspension of construction as follows:

Applicant will confer with Staff to determine that part of the work which will have a minimal effect upon the environment.

The work permitted will also be conditioned by the following:

1. Construction shall only be carried out over that portion of the line which is in the same corridor as the Diablo-Midway #2 transmission line, and



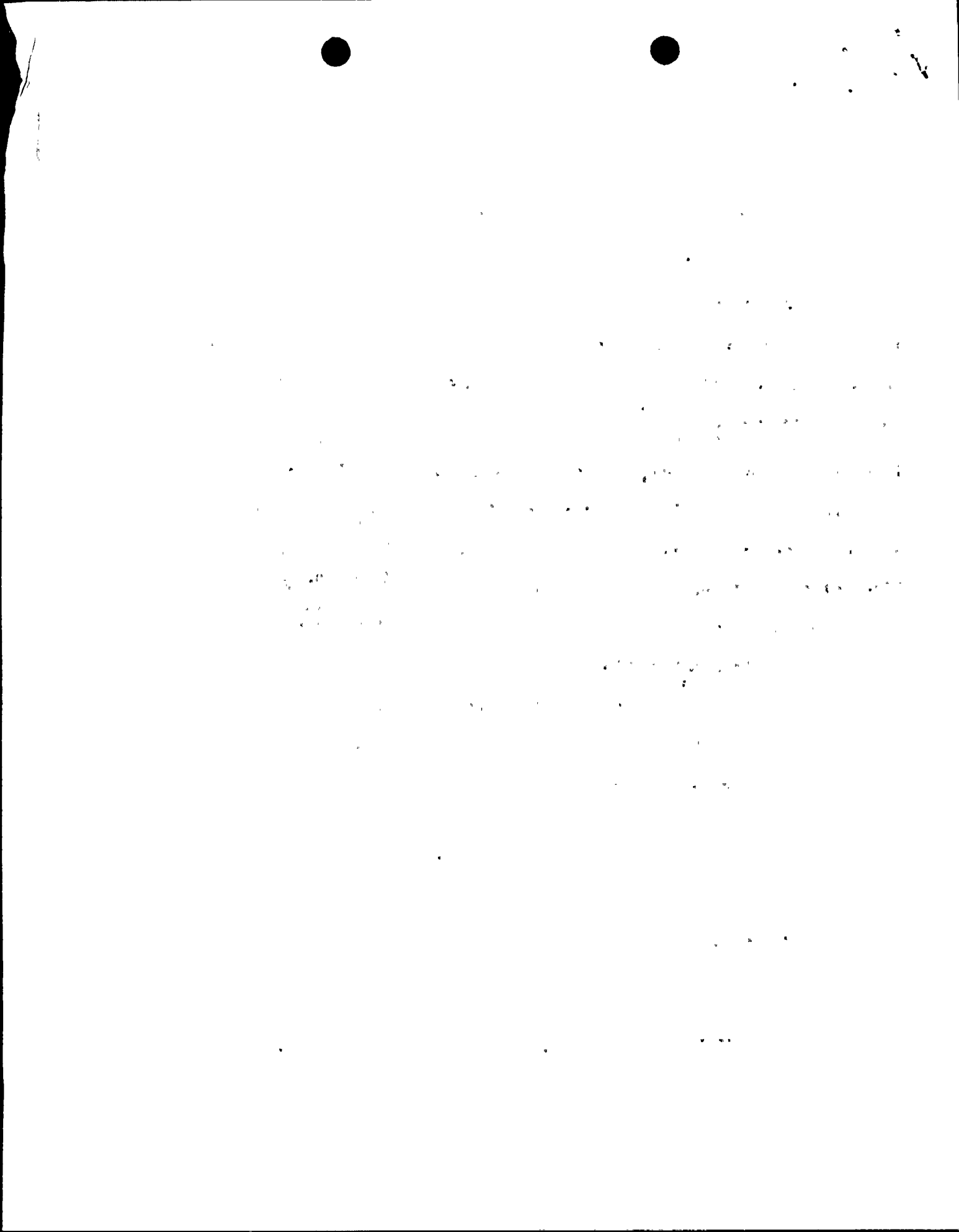
2. construction shall only be carried out in those areas where the access roads are presently in existence.

The Board in its Order has concluded that the authorized action would result in a minimal effect upon the environment and that any effect of the authorized activity on the overall cost-benefit balancing will be insignificant.

In view of the foregoing, and pursuant to the Commission's regulations in 10 CFR Parts 2 and 50, Appendix D, IT IS HEREBY ORDERED THAT the suspension of construction of the second Diablo-Midway transmission line, Diablo-Midway No. 3 transmission line, is lifted subject to the following:

1. Pacific Gas & Electric Company will confer with the Regulatory staff who shall determine that part of the work which will have a minimal effect upon the environment, and the work authorized by this Order shall be limited to such determination.
2. Construction shall only be carried out over that portion of the line which is in the same corridor as the Diablo-Midway No. 2 transmission line.^{2/}

2/ Designated originally as the first Diablo-Midway transmission line.



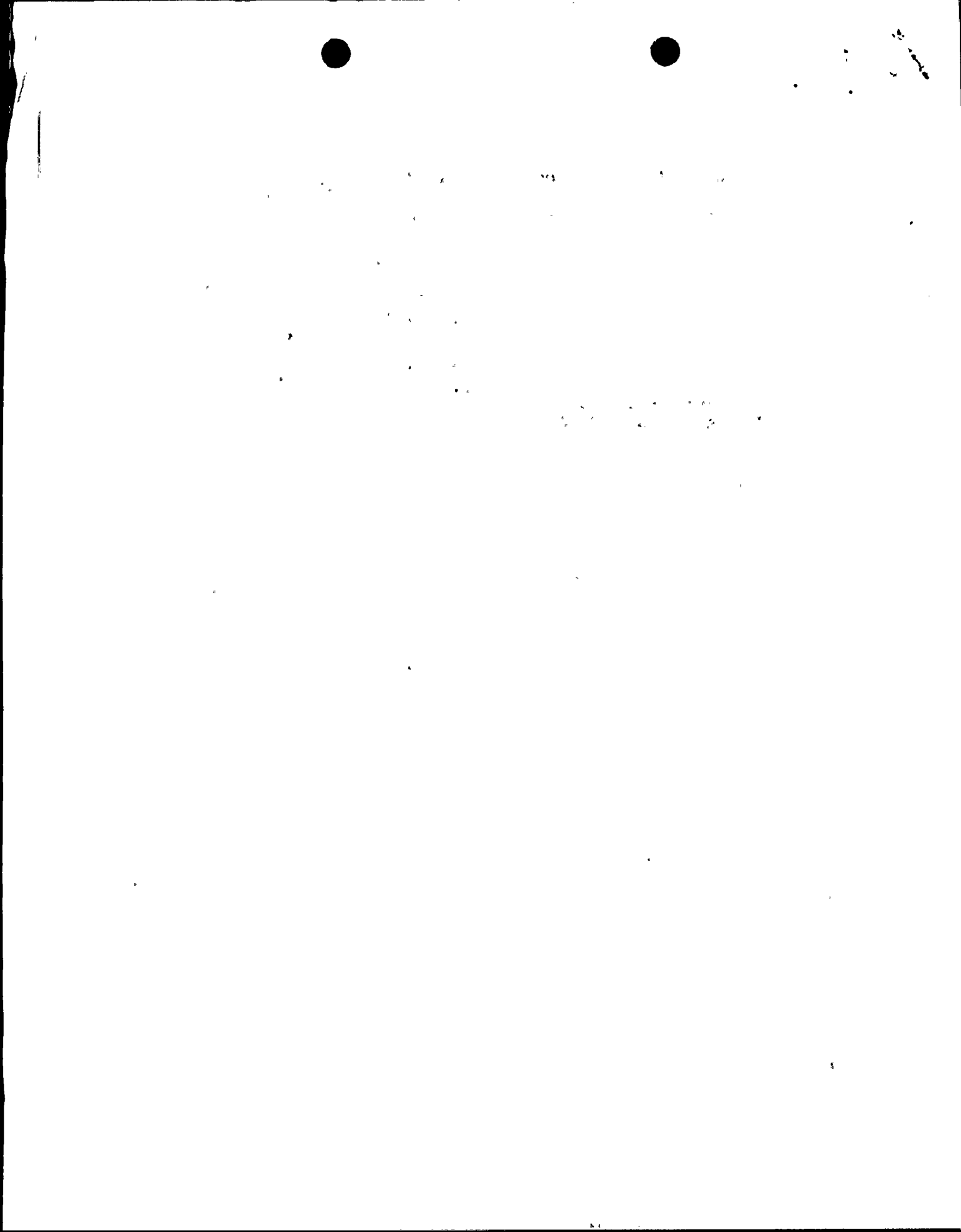
3. Construction shall only be carried out in those areas where the access roads are presently in existence.

FOR THE ATOMIC ENERGY COMMISSION

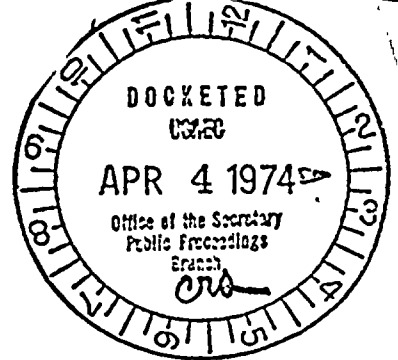
(signed) L. Manning Muntzing

L. Manning Muntzing
Director of Regulation

Dated at Bethesda, Maryland
this 24 day of April 1974.



UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

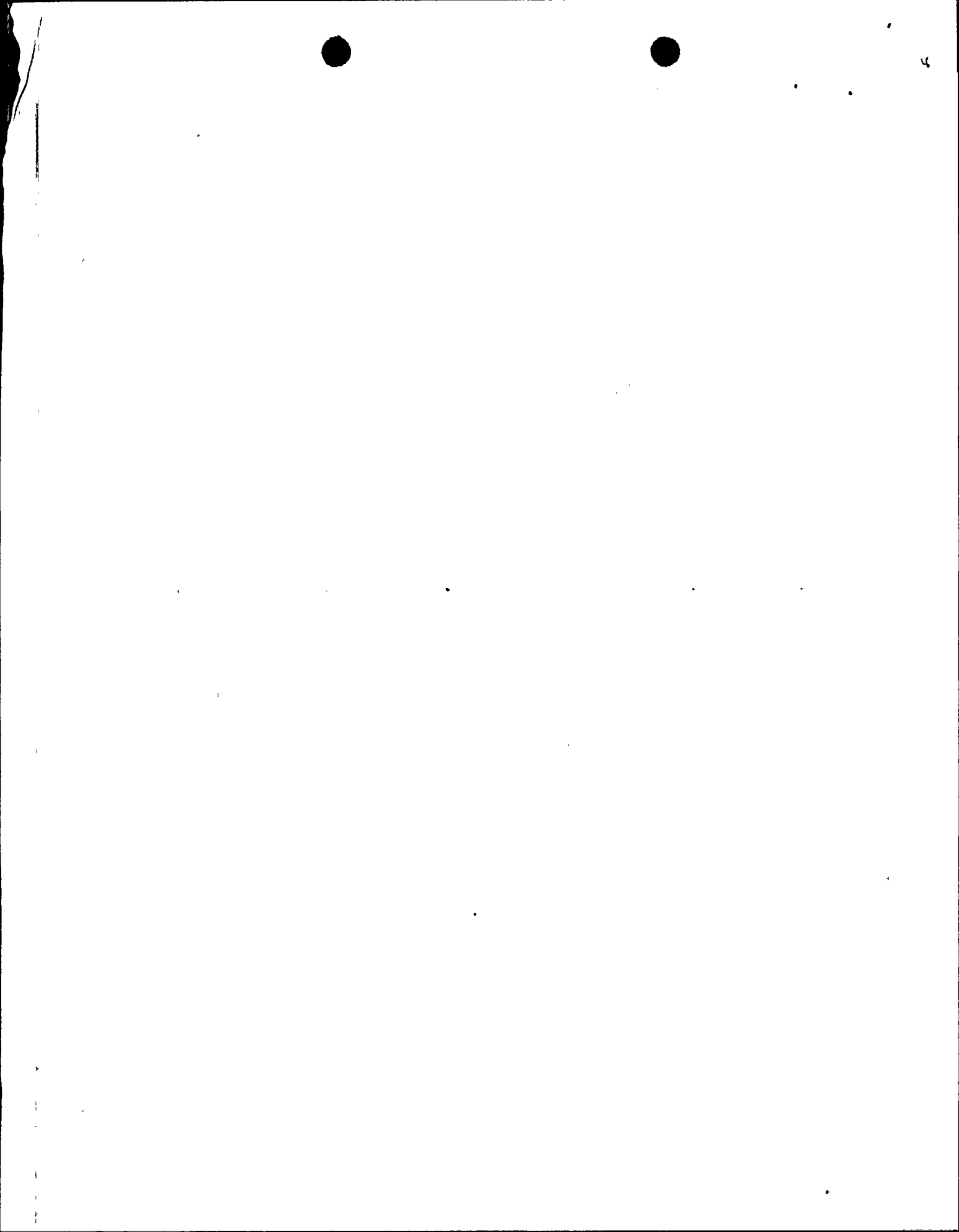


In the Matter of)
PACIFIC GAS AND ELECTRIC COMPANY) Docket No. 50-323
(Diablo Canyon Nuclear Power Plant)
Unit 2)

ORDER RELATIVE TO SUSPENSION OF
DIABLO-MIDWAY #3 TRANSMISSION LINE

On January 11, 1974, the Applicant filed a motion to lift suspension of construction of the Diablo-Midway #3 transmission line. The work was suspended by order of the Director of Regulation on February 4, 1972, pending completion of the NEPA review. No response to the motion was received from the consolidated intervenors nor from California, but the Regulatory Staff filed an answer supporting the motion on January 24, 1974.

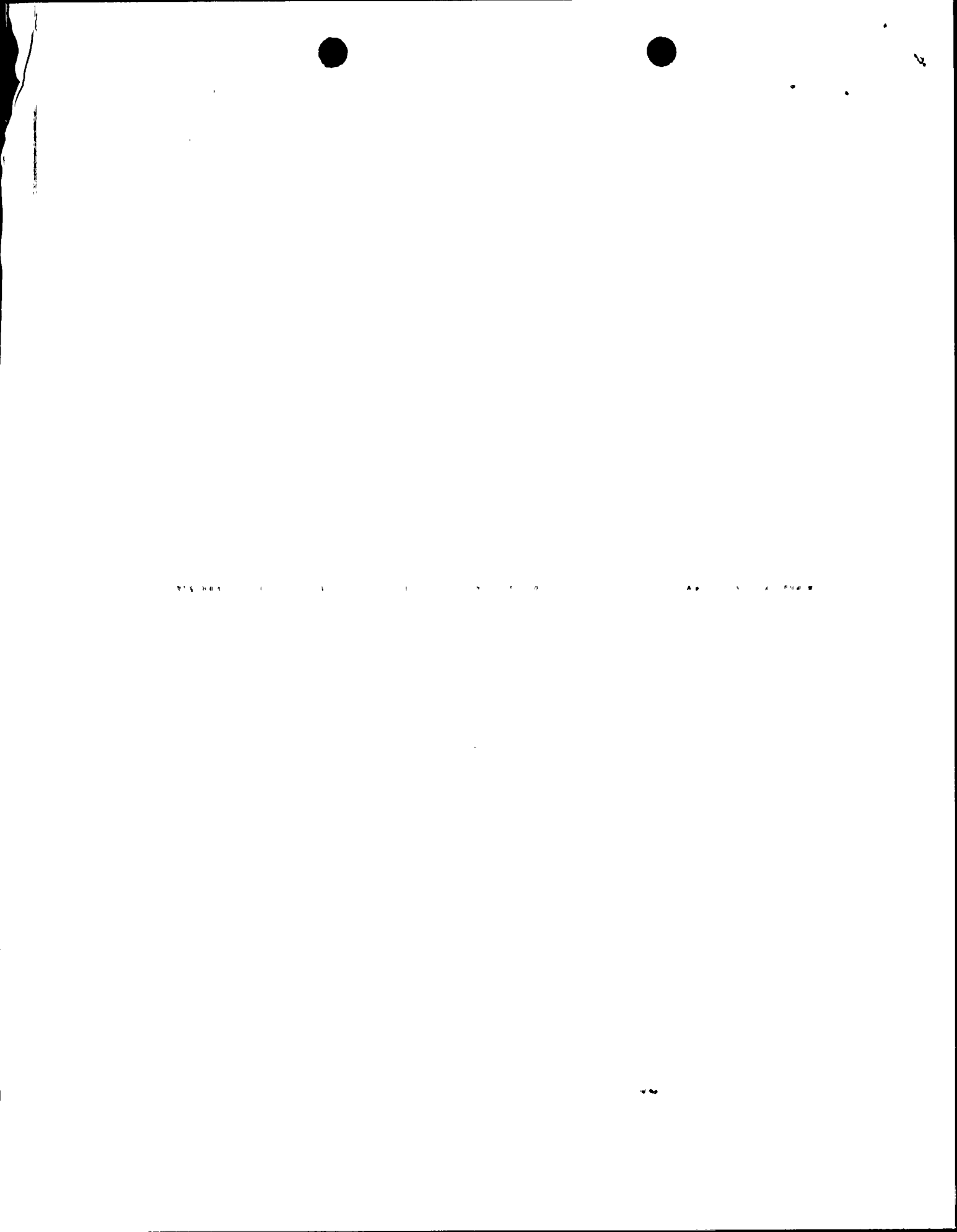
On January 29, 1974, the Board issued an order denying the motion. The Board realized that this was a very serious matter, since transmission line work crews were to be released early in 1974 unless the work could be continued. However, the Board had a responsibility under NEPA to make a cost-benefit balance. This determination



could not be made until the evidentiary hearing on energy conservation, which challenges the need for power, had been concluded, and it was the opinion of the Board that the environmental impact of the transmission lines would be an important part of the final cost-benefit balance.

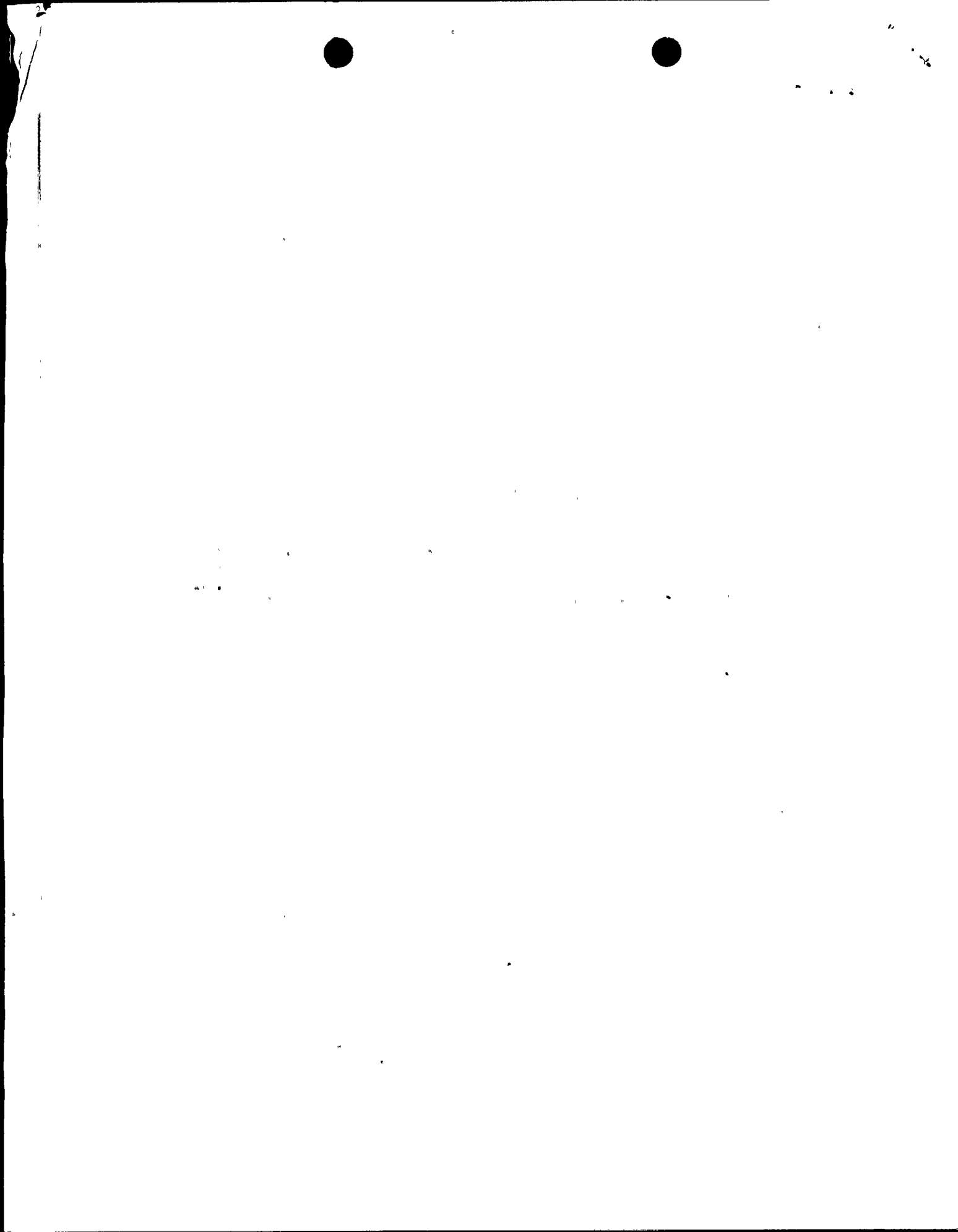
At the time the motion was denied the Board believed the evidentiary hearing could be concluded and an initial decision reached in the very near future. However, the evidentiary hearing could not be scheduled until March 27, 1974, and adjourned due to the illness of one of the Parties before it could be completed. The hearing has now been rescheduled to begin April 30, 1974.

Before the hearing was adjourned the Applicant renewed his motion to lift the suspension of construction of the transmission line on the record (Tr. 1261). The motion was controverted by the intervenor (Tr. 1262 - 1264) who felt that the transmission line was an inextricable part of the construction of the overall plant and therefore should be included in his Petition to Suspend Construction of Diablo Canyon 1 and 2, presently pending before the Board. The Board does not agree with this view, and will



consider the motion on its own merit. Intervenor's motion is concerned with health and safety issues; the Board does not consider the construction of the transmission line as a health and safety problem.

Two elements resulting from further delay in construction of the transmission line must be considered by the Board. According to Applicant some 155 employees are affected, some of whom are suffering real economic hardship due to lack of work. The other element is that construction of the foundations for the Diablo-Midway #3 line should have been commenced by February 1, 1974, in order to permit the line to be ready if and when initial tests on Unit 2 are scheduled to begin. If operation of Unit 2 in due course is allowed, the operating date could be in jeopardy. The best possible projected schedule for the Board to reach an initial decision would be sometime in June 1974. Under these circumstances, the Board believes it to be equitable for the Applicant to be afforded some relief in this matter. The Board, therefore, orders a partial lifting of the suspension on construction of the Diablo-Midway #3 transmission line.

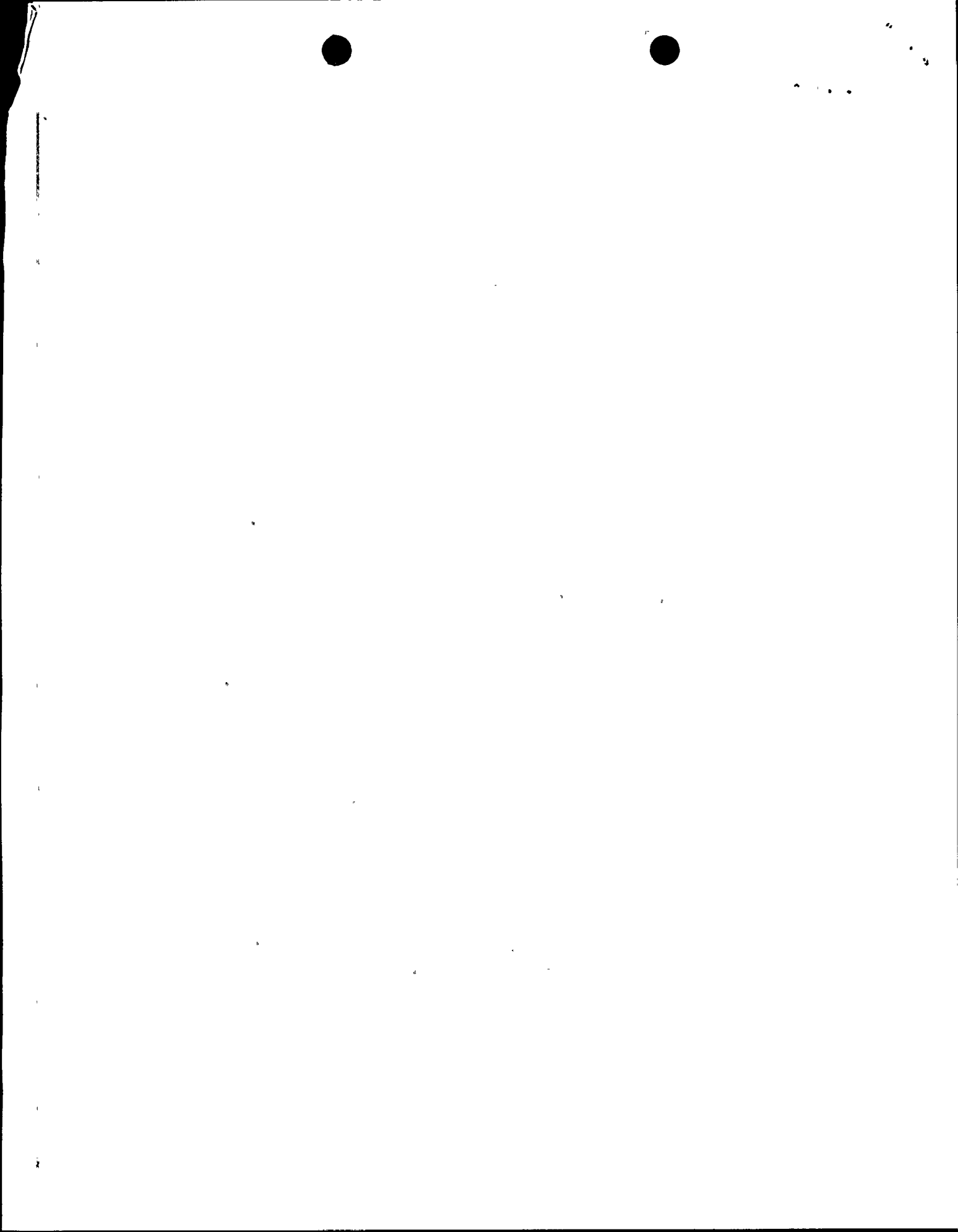


Applicant will confer with Staff to determine that part of the work which will have a minimal effect upon the environment. The work permitted will also be conditioned by the following:

1. Construction shall only be carried out over that portion of the line which is in the same corridor as the Diablo-Midway #2 transmission line, and

2. construction shall only be carried out in those areas where the access roads are presently in existence.

In these allowed areas the major environmental impact has already been occasioned by construction of the Diablo-Midway #2 transmission line. Where vegetation exists clearing will be minimal and will be conducted in accordance with applicable regulations. Aside from the tower sites, the only clearing required will be for stringing trails to lay the conductors pulling lead lines and a portion of the spur roads. These will disappear when the vegetation is re-established following completion of construction. (See testimony of Ross W. Woodward, Tr. following p. 837). The Board




will expect the Applicant to vigorously pursue its present soil stabilization program, as described in the same testimony. The Board believes that under these conditions any effect of the line construction on the cost-benefit balancing will be insignificant.

The Director of Regulation is hereby authorized to partially lift the suspension of construction of the Diablo-Midway #3 transmission line, originally imposed by Order of the Commission dated February 4, 1972, under the conditions as set forth above.

In accordance with 10 CFR 2.760, 2.762, 2.764, 2.765 and 2.786 of the Commission's Rules of Practice, this partial Initial Decision shall be effective immediately upon issuance, and shall constitute the final decision of the Commission subject to any review thereof pursuant to the above cited rules.

IT IS SO ORDERED:

FOR THE ATOMIC SAFETY AND LICENSING BOARD


Elizabeth S. Bowers, Chairman

Issued at Bethesda, Maryland

this 4th day of April 1974.

