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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the matter of:	)	
	)	
Pacific Gas and Electric Company (Stanislaus Nuclear Project, Unit No. 1)	)	NRC Docket No. P-564-A
	)	

PACIFIC GAS AND ELECTRIC COMPANY'S SUPPLEMENTAL ANSWERS TO THE DEPARTMENT OF WATER RESOURCES' THIRD SET OF INTERROGATORIES

Pursuant to Order of the Board, Pacific Gas and Electric Company (hereinafter "PGandE") supplements its responses to certain interrogatories in the third set of interrogatories propounded to it by Department of Water Resources (hereinafter "DWR") as follows:

Interrogatory No. 3:

State each method of enforcement in which you contend the obligations created by the commitments could be enforced, and, as to each such method of enforcement, identify who you contend would be entitled to seek enforcement.

Supplemental Answer to Interrogatory No. 3:

PGandE refers DWR to 10 C.F.R. §§ 50.100 & 50.110. PGandE knows of no other method by which NRC license conditions can be enforced. 10 C.F.R. § 2.206 describes persons who may request enforcement of license conditions.

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Interrogatory No. 6(c):

If your answer to the preceding interrogatory was in the affirmative, state:

(c) Whether DWR's right to such treatment can be terminated on any ground other than those grounds applicable to other "neighboring entities" or "neighboring distribution systems."

Supplemental Answer to Interrogatory No. 6(c):

PGandE is presently aware of no ground for terminating DWR's treatment as a Neighboring Entity other than the grounds applicable to any Neighboring Entity.

Interrogatory No. 6(d):

If your answer to the preceding interrogatory was in the affirmative, state:

(d) Whether a "neighboring entity" or "neighboring distribution system" would have any rights to enforcement of the commitments that DWR would not have.

Supplemental Answer to Interrogatory No. 6(d):

No.

Interrogatory No. 7:

Identify each and every person who participated in the negotiations that led to the commitments and each and every person who reviewed or formulated PG&E's position or policies with respect to those negotiations.

Supplemental Answer to Interrogatory No. 7:

The Commitments were the result of a settlement

of a disagreement between the Antitrust Division of the Department of Justice and the Company over whether there existed a situation inconsistent with the antitrust laws resulting from Company policies or practices. As previously answered, the lawyers who were principally responsible for the settlement negotiations on behalf of PGandE were Messrs. Kuder and Houlihan. In addition, the following lawyers participated at one time or another in the discussions with the Justice Department that led to the Commitments: Morris M. Doyle, Malcolm Furbush and Theodore Lindberg.

As previously answered, the persons principally responsible for reviewing PGandE's position in the negotiations were Messrs. Sibley and Shackelford. A large number of people were consulted, formally or informally, in the development of positions or policies reflected in the Stanislaus Commitments. They cannot all be identified with certainty. As best as PGandE is able to determine, the following persons reviewed or formulated one or another aspect of the positions or policies reflected in the Commitments (in addition to persons previously mentioned):

J. F. Bonner
H. P. Braun
N. H. Daines
P. G. Damask
W. M. Gallavan
R. H. Gerdes
H. V. Golub
E. E. Hall
D. W. Hess
H. M. Howe
E. F. Kaprielian
W. C. Lester
R. L. Meiss
J. G. Meyer
J. C. Morrissey
H. R. Perry
R. H. Peterson
D. P. Speir
J. D. Worthington

Interrogatory No. 8(a):

With respect to the requirement of paragraph I(C) of the commitments, that a "neighboring entity" own, contractually control, or operate generation facilities for the primary purpose of selling the power generated in the service area, state the following:

(a) In the PG&E-Department of Justice negotiations leading to the commitments, whether the requirement was first suggested by PG&E or the Department of Justice:

Supplemental Answer to Interrogatory No. 8(a):

PGandE.

Interrogatory No. 8(b):

(b) If it was first suggested by PG&E, who within PG&E suggested it to PG&E negotiators (or, if first suggested by a negotiator, his or her identity);

Supplemental Answer to Interrogatory No. 8(b):

T. J. Houlihan

Interrogatory No. 8(c)

(c) Whether any person in PG&E was aware, prior to May 17, 1976, that the requirement had the effect of excluding DWR from the definition;

Supplemental Answer to Interrogatory No. 8(c):

Yes.

Interrogatory No. 8(d):

(d) Each and every reason why PG&E requested or agreed to the requirement;

Supplemental Answer to Interrogatory No. 3(d):

License conditions requested by the Justice Department of applicants for nuclear plant licenses have consistently been limited to apply to a group of "neighboring entities" -- typically smaller systems lying within the service area of the applicant utility. Justice took a similar position in the negotiations with PGandE. However, Justice requested that the "Service Area" defined in the Commitments be expanded to include areas in northern and central California adjacent to PGandE's service area so as to provide neighboring entity status to small systems, such as Truckee PUD, located in the northern and eastern portions of California not served at retail by PGandE. Justice also requested that the definition of Neighboring Entity only require, in numbered clause (2), that a "part of" a Neighboring Entity's generation or transmission facilities be located in the defined "Service Area." Justice requested the "part of" language so that a Neighboring Entity would not lose its status by participating in a generation project outside the Service Area. However, the broadly defined "Service Area" and the "part of" language in clause (2) of the Neighboring Entity definition, unless qualified, would have made Neighboring Entities of Pacific Power & Light Co. and Sierra Pacific Power Company -- major utilities serving the areas north and east of the PGandE service area -- and would have made it possible for other utilities operating

outside the "Service Area" to become Neighboring Entities by participating in a generation unit to be constructed within the "Service Area" -- such as the then proposed San Joaquin Nuclear Project. While PGandE was willing to undertake the service obligations set forth in the Commitments as to utilities in its service area and as to small utilities to the north and east in California, PGandE was not prepared to assume the substantial service obligations set forth in the Commitments for utilities operating primarily outside the Service Area defined in the Commitments, and Justice did not request that it do so. Clause (3) was requested by PGandE to clarify that the definition of Neighboring Entity, on the one hand, did give that status to utilities operating primarily in the Service Area with some generation or transmission facilities outside that area while, on the other hand, it did not give that status to utilities operating primarily outside the Service Area which had some generation or transmission facilities in that area. Clause (3) was also requested to make it clear, as in other license conditions negotiated by Justice, that Neighboring Entity status was not given to industrial companies and other entities generating power primarily for their own use, and not for sale.

Interrogatory No. 8(e):

(e) The dates of and all parties to conversations among PG&E negotiators or among PG&E negotiators and other

PG&E personnel prior to May 17, 1976, in which the requirement was discussed, and the sum and substance of each conversation as it related to the requirement;

Supplemental Answer to Interrogatory No. 8(e):

No record has been kept of the dates of and all parties to the conversations inquired about and PGandE's negotiators have no recollection of the detailed information requested. The substance of such conversations as there were concerning this provision and others in the Commitments were confidential attorney-client communications and are privileged. Accordingly, PGandE declines to attempt to restate the sum and substance of each such conversation. The Company notes, however, that its reasons for requesting this provision are reflected in the answer to paragraph 8(d).

Interrogatory No. 8(f):

(f) Each and every advantage and disadvantage you contend accrued to PG&E from inclusion of the requirement (including all effects on PG&E's competitive position);

Supplemental Answer to Interrogatory No. 8(f):

The advantage which PGandE contends accrued to PGandE from the inclusion of the requirement is that the service obligations imposed on the Company were less extensive than they would have been if this clause had been omitted from the Commitments. The disadvantage to PGandE resulting from inclusion of this provision, and the only competitive effect which PGandE contends that it had, was

t.at it made it more likely that electric power resources developed in the Service Area by others would be developed by Neighboring Entities as defined in the Commitments, and sold in the Service Area in competition with PGandE, rather than out of the area in competition with some other utility. PGandE was willing to accept this competitive impact both in order to avoid making overly extensive service commitments whose financial requirements and other impacts were unclear and to further the general policy that Service Area power resources should first be developed to serve the power loads of the Service Area.

Interrogatory No. 8(g):

(g) Each and every effect you contend inclusion of the requirement had on every other electric utility in California.

Supplemental Answer to Interrogatory No. 8(g):

Inclusion of the provision had the effect of making the Commitments an acceptable compromise to PGandE and thereby provided to utilities qualifying as Neighboring Entities or Neighboring Distribution Systems assurance of the availability of certain services from PGandE. It also enabled PGandE to agree to the Justice Department's request that the definition of Service Area extend beyond the Company's retail service area, thereby including additional utilities within the definition. The provision had no direct effect on utilities not qualifying as Neighboring

Entities. Their situation remained essentially the same as it had been before the Commitments. Indirectly, such utilities are affected by the provision in that it, together with the balance of the provisions in the Commitments, makes it simpler for Neighboring Entities to deal with or compete with them.

Interrogatory No. 9(a):

With respect to the requirement of paragraph I(D) of their commitments, that a "neighboring distribution system" engage or propose to engage in the sale of power at retail, state the following:

(a) In the PG&E-Department of Justice negotiations leading to the commitments, whether the requirement was first suggested by PG&E or the Department of Justice;

Supplemental Answer to Interrogatory 9(a):

Department of Justice.

Interrogatory No. 9(b):

(b) If it was first suggested by PG&E, who within PG&E suggested it to PG&E negotiators (or, if first suggested by a negotiator, his or her identity);

Supplemental Answer to Interrogatory 9(b):

Not applicable.

Interrogatory No. 9(c):

(c) Whether any person in PG&E was aware, prior to May 17, 1976, that the requirement had the effect of excluding DWR from the definition;

Supplemental Answer to Interrogatory No. 9(c):

Yes.

Interrogatory No. 9(d):

(d) Each and every reason why PG&E requested or agreed to the requirement;

Supplemental Answer to Interrogatory No. 9(d):

The definition of "Neighboring Distribution System" in all negotiated settlements of which we are aware limit such entities to those selling power at retail. PGandE was willing to undertake the service obligations set forth in the Commitments as to Neighboring Distribution Systems as defined in the Commitments in order to reach an accommodation with Justice. No request was made for a different provision by the Justice Department.

Interrogatory No. 9(e):

(e) The dates of and all parties to conversations among PG&E negotiators or among PG&E negotiators and other PG&E personnel prior to May 17, 1976, in which the requirement was discussed, and the sum and substance of each conversation as it related to the requirement;

Supplemental Answer to Interrogatory No. 9(e):

No records have been kept of the dates of and all parties to the conversations inquired about, and the negotiators have no specific recollection as to these details. The substance of such conversations as there were concerning this provision and others in the Commitments were con-

fidential attorney-client communications and are privileged. Accordingly, PGandE declines to attempt to restate the sum and substance of each such conversation.

Interrogatory No. 9(f):

(f) Each and every advantage and disadvantage you contend accrued to PG&E from inclusion of the requirement (including all effects on PG&E's competitive position);

Supplemental Answer to Interrogatory No. 9(f):

The advantage to the Company accruing from the "at retail" language in this provision was that it better defined what the Commitments meant by a "Neighboring Distribution System" and thereby clarified the obligations assumed by the Company in the Commitments. The only effect on PGandE's competitive position which the Company contends that the language has is that it strengthened the competitive posture of Neighboring Distribution Systems by guaranteeing the availability of a variety of services from the Company and by providing such systems with easier access to power suppliers other than the Company.

Interrogatory No. 9(g):

(g) Each and every effect you contend inclusion of the requirement had on every other electric utility in California.

Supplemental Answer to Interrogatory 9(g):

See answer to Interrogatory 9(f). Entities not qualifying as Neighboring Distribution Systems were not directly affected by the language referred to. The defi-

nition of Neighboring Distribution Systems, together with the transmission and partial requirements service provisions of the Commitments, makes such entities a potential market for utilities other than PGandE.

Interrogatory No. 18:

State whether or not you are willing to permit other electric utilities participating in the Stanislaus Nuclear Project to obtain an ownership interest in the transmission lines constructed for the purpose of transmitting Stanislaus power, and, if you are not, each and every reason why you are not.

Supplemental Answer to Interrogatory No. 18:

PGandE cannot make a definitive statement on whether it would or would not be agreeable to joint ownership of transmission lines constructed for the purpose of transmitting Stanislaus power without knowing all circumstances and details relevant to a specific joint ownership proposal. Similarly, without knowing all relevant circumstances and details, PGandE cannot predict all reasons that might lead it to decline to agree to a particular joint ownership proposal.

PGandE can say that problems in transmission planning, design, operation, retirement, and rate structure are created by joint ownership. Joint ownership of transmission involves a potential for disagreement over decisions on optimum route selection, design, line rating, operation,

maintenance, transmission losses, line outage consequences, facilities expansion or replacement, and similar technical, economic or environmental matters. PGandE believes that control of decisions on such issues is an important factor in enabling the Company to provide efficient and reliable transmission to its customers. Joint ownership of transmission would carry with it the further problem of complicating PGandE's rate structures, thus creating the potential for extended and costly contested rate proceedings. Since the Company's agreement to provide transmission services under the Stanislaus Commitments gives other utilities adequate access to transmission constructed by the Company, there presently appears to be no compelling reason for the Company to offer joint ownership. The problems associated with joint ownership of transmission must be resolved before PGandE would be in a position to agree to joint ownership of transmission constructed within the Company's service area for the purpose of transmitting Stanislaus Nuclear Project power.

Respectfully submitted,

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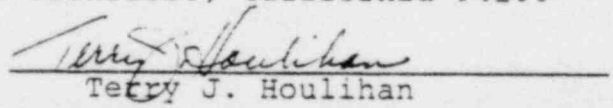
By 
Terry J. Houlihan

Attorneys for
Pacific Gas and Electric Company

Dated: March 14, 1979

V E R I F I C A T I O N

I, W. B. Kuder, verify under penalty of perjury that the following is true and correct:

I have read the foregoing SUPPLEMENTAL ANSWERS TO THE DEPARTMENT OF WATER RESOURCES' THIRD SET OF INTERROGATORIES. I am familiar with the factual circumstances addressed by answers 7, 8(a), 8(b), 8(c), 8(d), 8(e), 9(a), 9(b), 9(c), 9(d), and 9(e). To the best of my recollection and belief the answers given are true and accurate.

Executed at San Francisco, California, this ____ day of March, 1979.

W. B. KUDER

V E R I F I C A T I O N

I, Nolan H. Daines, verify under penalty of perjury that the following is true and correct:

I am the Vice President, Planning & Research, of Pacific Gas and Electric Company, and as such am authorized to make this verification on behalf of the Applicant, Pacific Gas and Electric Company.

I have read the foregoing SUPPLEMENTAL ANSWERS TO THE DEPARTMENT OF WATER RESOURCES' THIRD SET OF INTERROGATORIES. The answers to questions 6(c), 6(d) and 18 fall within my general area of responsibility and those answers truly and accurately represent PGandE's position. The answers to questions 3, 8(f), 8(g), 9(f) and 9(g) concerning various contentions, truly and accurately represent PGandE's contensions on the matters inquired into.

Executed at San Francisco, California, this 14th day of March, 1979.

Nolan Daines

NOLAN H. DAINES,
Vice President, Planning &
Research

CERTIFICATE OF SERVICE BY MAIL

Richard L. Meiss certifies that he is an active member of the State Bar of California; that he is not a party to the within cause; that his business address is 215 Market Street; San Francisco; California 94106; and that he caused an envelope to be addressed to each of the following named persons, enclosed and sealed in each envelope a copy of the foregoing document(s) and deposited each envelope with postage thereon, fully prepaid, in the United States mail at San Francisco, California on March 14, 1979.

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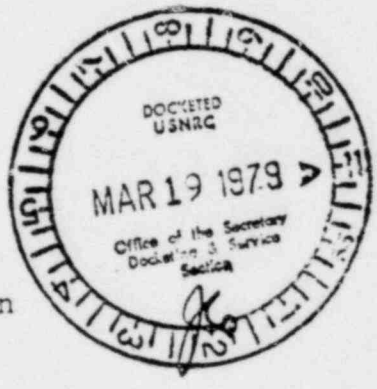

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