

December 5, 1979

In reply refer to:
NTFTM 791205-01

Mr. Kevin P. Coughlan
California Public Utilities Commission
Revenue Requirements Division
455 Golden Gate Avenue
San Francisco, California 94102

Dear Kevin:

During our meeting on November 7, I promised to send along some material regarding the distinction between finding a nuclear unit "used and useful" and in "commercial operation." I apologize that I have been so tardy in fulfilling that promise.

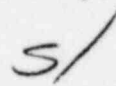
Enclosed you will find several recent statements on this topic which might be of interest. All are related to the Davis-Besse nuclear unit in Ohio, where "commercial operation" was discussed before the PUC and the Ohio Supreme Court. In addition to the pertinent provisions of the PUC and Supreme Court decisions, I have enclosed testimony made available to us by Allan Schultz, a consultant in that case.

I hope you find this material useful. If you would like additional information regarding the Ohio situation, perhaps you should contact Dennis Pines, Legal Director of the Ohio PUC, at (614) 466-3016.

I assume that you have also had a chance to read the first draft of our report on TMI. It is my hope that this provided additional information on the distinction between "used and useful" and "commercial operation." However, if there is any additional information I can make available to you, please feel free to contact me at (301) 492-8947.

Thank you for your assistance on November 7, and best wishes for your Diablo Canyon proceeding.

Sincerely,



David J. Evans

DISTRIBUTION
TERA
✓ DJEvans
WParler

Enclosure:
Material re Nuclear Units

OFFICE	NRC/TMI	NRC/TMI				
SURNAME	DJEvans	WParler				
DATE	12/5/79	12/5/79				

8001160935 P