

OCT 29 1974

POOR ORIGINAL

Wm. Bradford Reynolds, Esq.
Shaw, Pittman, Potts & Trowbridge
910 17th Street, N. W.
Washington, D. C. 20006

Re: The Toledo Edison Company and the Cleveland Electric Illuminating Company (Davis-Gesse Nuclear Power Station, Unit 1), The Cleveland Electric Illuminating Company, et al. (Perry Nuclear Power Plant, Units 1 and 2), Docket Nos. 50-345A, 50-440A and 50-441A

Dear Mr. Reynolds:

Attached please find draft license conditions ("the draft") updated to incorporate certain comments and suggestions made to date.

With reference to the suggestions contained in your letter of October 23, 1974, please note below additional modifications to the "Reserve Responsibility" language [to be used in lieu of the provision in the draft] incorporating most of your suggestions with respect thereto.

Reserve Responsibility

Company and other entities shall enter into a reserve sharing arrangement which shall establish the minimum reserve requirement to be installed and/or provided under contractual arrangements as necessary to maintain, in total, a reserve margin sufficient to provide adequate reliability of power supply to the interconnected systems of the parties. The parties shall also jointly establish criteria for apportioning such minimum reserves among themselves, which criteria shall reflect the relevant load and capacity characteristics of the respective parties, or unless agreement is reached on the criteria for apportionment of reserves, the minimum reserve requirement shall be calculated as a percentage (to be identical for each party) of the projected annual peak load, adjusted for purchases and sales of firm power, including [partial requirement firm power] any firm power which may be made available in partial fulfillment of any entity's system requirements.

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As regards "Reserve Sharing," it is our view that the initial paragraph on page five (5) of the draft is preferable.

Sincerely,

Roy P. Lessy, Jr.
Counsel for AEC Regulatory Staff

Enclosure: As stated

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