

PACIFIC GAS AND ELECTRIC COMPANY

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April 27, 1959

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United States Atomic Energy Commission
Washington 25, D. C.

Attention: Division of Licensing and Regulation

Gentlemen:

Enclosed for filing are three signed and 19 conformed copies of an application of Pacific Gas and Electric Company for a Class 103 license to construct and operate a nuclear reactor as a part of Unit No. 3 of its Humboldt Bay Power Plant, together with 22 copies each of Exhibits A and C and 40 copies of Exhibit B. Also enclosed is an extra conformed copy of the application, which you are requested to endorse and return to the undersigned. It would be appreciated if you would acknowledge receipt of this filing by collect telegram.

Under §50.71(b) of 10 CFR Part 50 applicants for licenses are required to furnish the Commission within 30 days following each fiscal quarter reports of reactor construction progress on AEC form WA-254. Please furnish me with a supply of these forms sufficient to cover reports up to July 1, 1962, which is the estimated start-up date of Unit No. 3.

Very truly yours,

Richard H. Peterson
Richard H. Peterson

PAC:TC
Enclosures

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Richard H. Peterson, Esq.
General Counsel
Pacific Gas and Electric Company
245 Market Street
San Francisco 6, California

Dear Mr. Peterson:

This refers to the application by Pacific Gas and Electric Company, dated April 27, 1959, for a Class 103 license to construct and operate a nuclear reactor.

Under the Atomic Energy Act of 1954, as amended, the Commission may not issue a Class 103 license for a nuclear reactor until after it has made a finding of practical value as to that type of facility pursuant to Section 102 of the Act. In order to make such finding, the Commission must find that the type of utilization or production facility involved "has been sufficiently developed to be of practical value for industrial or commercial purposes."

As you know, the Commission has not yet made a finding under Section 102 with respect to any type of production or utilization facility.

The application filed on behalf of Pacific Gas and Electric Company does not contain any information on which the Commission might base such a finding with respect to the type of facility represented by that described in the application. In order that the Commission might be in a position to consider whether or not to make such a finding with respect to this type of facility, the applicant should submit a comprehensive and detailed statement of the reasons, including relevant technical and economic data, why it believes that such a finding should be made, together with a suggested text for the finding which the applicant would request the Commission to make.

A question has on occasion been raised as to whether a finding of "practical value" under Section 102 requires consideration of economic factors as well as technical feasibility. Although the Commission has not issued regulations dealing with this specific question, the

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Richard H. Peterson, Esq.

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Commission's approach to the question was set forth in a letter to the "Panel on the Impact of the Peaceful Uses of Atomic Energy" dated November 18, 1955. The letter, a copy of which is enclosed, was included in the Panel report, volume 2, page 645.

As required by Section 182 c. of the Act, notice of the Pacific Gas and Electric application is being published for four consecutive weeks in the Federal Register. Because we understand from informal discussions with representatives of the applicant, that the applicant is considering amendment of its application to request a 104 b. license, we have withheld for the time being issuance of other notices required by subsection 182 c. and observance of other procedures specified in the Act with respect to applications for 103 licenses. If you decide to make such an amendment to your application, we would appreciate hearing from you promptly.

Sincerely yours,

H. L. Price, Director
Division of Licensing and Regulation

Enclosure

As above described

cc: H.L.Price

OFFICE ▶	OGC	DI&R	DI&R	OGC		
SURNAME ▶	LOWENSTEIN:ap	E. Price	H.L. Price	E. Ferguson		
DATE ▶	6-24-59	6-24-59	6- -59	6-17-59		