

DLR:CTE
Docket No. 50-205

NOV 29 1963

Mrs. Margaret C. Hayes
117 Tamalpais Road
Berkeley 8, California

Dear Mrs. Hayes:

This replies to your letter dated October 18, 1963, addressed to Chairman Seaberg, concerning the nuclear power reactor proposed for construction at Rodaga Bay.

At the Commission's request, the U. S. Geological Survey, Department of the Interior, has been conducting a thorough field study of the geology of Rodaga Head since early May. In addition, expert consultants have been retained to assist the AEC regulatory staff in evaluating Pacific Gas & Electric Company's application with respect to the seismology of the area and structural design of the proposed plant. The Coast and Geodetic Survey of the U. S. Department of Commerce also is assisting us in our evaluation of the seismology.

A report dated September 25, 1963, setting forth the results of field work at the site through June 6, 1963, has been submitted to the Atomic Energy Commission by the Department of the Interior. A copy of an AEC public announcement concerning the report is enclosed. You will note that a further geological report has been requested from the Department of the Interior.

Final action on the Pacific Gas & Electric Company application will not be taken until the additional report requested of the Department of the Interior has been received and evaluated. In addition, a construction permit will not be issued unless the Commission, following a public hearing and a decision by the Atomic Safety and Licensing Board and consideration of all factors bearing upon safety is convinced that the facility can be constructed and operated at the proposed location without undue risk to the health and safety of the public.

Also enclosed is a pamphlet which describes the procedures relating to the licensing of power reactors by the Atomic Energy Commission. We are confident that these procedures and their provision for

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public hearing will enable all interested persons to acquaint themselves with the details of Pacific Gas & Electric Company's proposal and will assure thorough consideration of all aspects of the proposed plant bearing upon the question of safety.

Under the Atomic Energy Act of 1954, as amended, all reactor licensees, except Federal agencies and nonprofit educational institutions, are required to provide proof of financial protection against public liability claims arising out of a nuclear incident. Such proof is usually submitted in the form of nuclear energy liability insurance obtainable from the private insurance industry. For power reactors the amounts of financial protection required are determined by power level and location of the particular reactor, in accordance with the Commission's regulations in 10 CFR Part 140, a copy of which is enclosed. The law requires that for power reactors having a power level of 100 electrical megawatts or more, the amount of financial protection shall be the maximum amount available from private sources. At the present time, the maximum amount privately available is \$60 million.

For licensed reactors for which financial protection is required, as described above, the Commission is required by the Atomic Energy Act to indemnify the licensees and any other person who may be legally liable against public liability claims arising out of a nuclear incident. The government indemnity is in addition to the underlying financial protection, but not in excess of \$500 million per incident.

I will attempt to answer your final question briefly. Claims which result in court judgments may be paid without further appropriation of funds by the Congress. In addition, the Commission has authority under Section 170 of the Atomic Energy Act to settle claims on behalf of the United States; these claims may be paid by the Commission to the extent that funds are available from amounts already appropriated by the Congress.

bcc: Formal
Supplemental
Public Document Room, SAN, HQ
OGC

Sincerely yours,

Original Signed by
Eber R. Price

Eber R. Price
Assistant Director
Division of Licensing
and Regulation

Enclosures

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