

UNITED STATES OF AMERICANUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
PACIFIC GAS AND ELECTRIC COMPANY)	Docket Nos. 50-133,
)	50-275 and 50-323
(Humboldt Bay Power Plant, Unit 3,)	
and Diablo Canyon Nuclear Power Plant,)	
Units 1 and 2))	

ORDER APPROVING APPLICATION REGARDING THE CORPORATE RESTRUCTURING
OF PACIFIC GAS AND ELECTRIC COMPANY
BY ESTABLISHMENT OF A HOLDING COMPANY

I.

Pacific Gas and Electric Company (PG&E) is sole owner of Humboldt Bay Power Plant (HBPP), Unit 3, and Diablo Canyon Nuclear Power Plant (DCPP), Units 1 and 2. PG&E holds Facility Operating License No. DPR-7 issued by the U.S. Atomic Energy Commission (AEC) and holds Facility Operating License Nos. DPR-80 and DPR-82 issued by the U.S. Nuclear Regulatory Commission (NRC) pursuant to Part 50 of Title 10 of the Code of Federal Regulations (10 CFR Part 50) on August 28, 1962, November 2, 1984 and August 26, 1985, respectively. Under these licenses, PG&E has the authority to possess, but not operate the Humboldt Bay Power Plant, Unit 3, and to operate Diablo Canyon Nuclear Power Plant, Units 1 and 2. Humboldt Bay is located in Humboldt County, California and Diablo Canyon is located in San Luis Obispo County, California.

II.

By letter dated November 1, 1995, PG&E informed the Commission that it was in the process of implementing a corporate restructuring that will result in the creation of a holding company under the temporary name PG&E Parent Co., Inc. ("Parent Company") of which PG&E would become a subsidiary. Under the

restructuring, the holders of PG&E common stock will become holders of common stock of the Parent Company. PG&E requested, to the extent necessary, the Commission's approval of the corporate restructuring, pursuant to 10 CFR 50.80. Notice of this application for approval was published in the FEDERAL REGISTER on April 5, 1996 (61 FR 15314), and an Environmental Assessment and Finding of No Significant Impact was published in the FEDERAL REGISTER on June 18, 1996 (61 FR 30924).

Under 10 CFR 50.80(a), no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information submitted in the letter of November 1, 1995, and other information before the Commission, the NRC staff has determined that the restructuring of PG&E will not affect the qualifications of PG&E as holder of the licenses, and that the transfer of control of the licenses for HBPP and DCPD, to the extent effected by the restructuring of PG&E, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth herein. These findings are supported by a Safety Evaluation dated October 18, 1996.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC §§ 2201(b), 2201(i), 2201(o) and 2234, and 10 CFR 50.80, IT IS HEREBY ORDERED that the Commission approves the application regarding the restructuring of PG&E subject to the following: (1) PG&E shall provide the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from PG&E to its proposed parent or to

any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of PG&E's consolidated net utility plant, as recorded on PG&E's books of account; and (2) should the restructuring of PG&E not be completed by December 31, 1997, this Order shall become null and void, provided, however, on application and for good cause shown, such date may be extended.

IV.

By November 25, 1996, any person adversely affected by this Order may file a request for a hearing with respect to issuance of the Order. Any person requesting a hearing shall set forth with particularity how that interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

If a hearing is to be held, the Commission will issue an Order designating the time and place of such hearing.

The issue to be considered at any such hearing shall be whether this Order should be sustained.

Any request for a hearing must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Docketing and Services Branch, or may be delivered to 11555 Rockville Pike, Rockville, Maryland between 7:45 am and 4:15 pm Federal workdays, by the above date. Copies should be also sent to the Office of the General Counsel, and to the Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555, and to Christopher J. Warner, Esquire, Pacific Gas & Electric Company, Post Office Box 7442, San Francisco, California 94120, attorney for PG&E.

For further details with respect to this Order, see the application for approval of the corporate restructuring dated November 1, 1995, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the California Polytechnic State University, Robert E. Kennedy Library, Government Documents and Maps Department, San Luis Obispo, California 93407.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, reading "Frank J. Miraglia".

Frank J. Miraglia, Acting Director
Office of Nuclear Reactor Regulation

Dated at Rockville, Maryland,
this 18th day of October 1996