

Dave Morey
Vice President
Farley Project

**Southern Nuclear
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March 30, 2001

Docket Nos.: 50-348
50-364

NEL-01-0074

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D. C. 20555 - 0001

Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning Nuclear Power Reactors
(63 FR 50465 dated September 22, 1998)

Ladies and Gentlemen:

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC, on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or part of reactor it owns.

Southern Nuclear Operating Company (SNC) holds Operating Licenses NPF-2 and NPF-8 for the Joseph M. Farley Nuclear Plant. On behalf of the licensed owner of the plant, Alabama Power Company, SNC hereby forwards their submittal which is made pursuant to 10 CFR 50.75(f)(1).

This letter contains no NRC commitments. Please advise if you have any questions.

Respectfully submitted,


Dave Morey

JDB/maf: finar.doc

Enclosure: Alabama Power Company letter dated March 26, 2001

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U. S. Nuclear Regulatory Commission

cc: Southern Nuclear Operating Company
Mr. L. M. Stinson, General Manager - Plant Farley

U. S. Nuclear Regulatory Commission, Washington, DC
Mr. F. Rinaldi, Licensing Project Manager - Farley

U. S. Nuclear Regulatory Commission, Region II
Mr. L. A. Reyes, Regional Administrator
Mr. T. P. Johnson, Senior Resident Inspector - Farley

Alabama Power Company
Mr. W. B. Hutchins, Executive Vice President, CFO, & Treasurer

J. Randy DeRieux
Assistant Treasurer and
General Manager—
Corporate Finance and
Planning

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Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning Nuclear Power Reactors
(63 FR 50465 dated September 22, 1998)

Dear Ladies and Gentlemen:

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC, on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or part of reactor it owns.

Alabama Power Company (APC), hereby submits the information for operating licenses NPF-2 and NPF-8 as requested in accordance with 10 CFR 50.75(f)(1) for the Joseph M. Farley Nuclear Plant. Southern Nuclear Operating Company, as the operating licensee and as agent for the owner of Plant Farley, will be forwarding this information to the NRC on behalf of APC.

Based on the information presented herein, there is reasonable assurance that the APC amount of the NRC prescribed minimum will be available to decommission Plant Farley, units 1 & 2 on the current expiration date of each unit's operating license as set forth in 10 CFR 50.75(c).

Should you have any questions concerning this matter, please call me.

Respectfully submitted,

ALABAMA POWER COMPANY, by,

JRD:jch
Enclosures

cc: Southern Nuclear Operating Company
Mr. D. N. Morey, Vice President - Plant Farley

U. S. Nuclear Regulatory Commission, Washington, D. C.
Mr. F. Rinaldi, Licensing Project Manager - Farley

U. S. Nuclear Regulatory Commission, Region II
Mr. L. A. Reyes, Regional Administrator
Mr. T. P. Johnson, Senior Resident Inspector - Farley

Enclosure

Alabama Power Company Ownership Percentage – 100%

	10 CFR 50.75(f)(1) Requirement	Unit 1	Unit 2
1.	The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c) ¹	\$292,579,000 ²	\$292,579,000 ²
2.	The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c).	\$160,527,528 ³	\$153,687,903 ³
3.	A schedule of the annual amounts remaining to be collected; for items in 10 CFR 50.75 (b) and (c).	See Schedule in Attachment 1	See Schedule in Attachment 2
4.	The assumptions used regarding: Rates of escalation in decommissioning cost <i>Informal Docket U-3295 Dated 12/17/93</i> Rates of Earnings on decommissioning funds <i>Informal Docket U-3295 Dated 12/17/93</i> Rates of other factors used in funding projections	4.5%	4.5%
		7.0%	7.0%
		N/A	N/A
5.	Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)	N/A	N/A
6.	Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report.	No Modifications External Sinking Fund "Cost of Service" Rate Making	
7.	Any material changes to trust agreements.	See Attachment 3	

¹ * The NRC formulas in section 10CFR50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

² This number is based on NUREG-1307, Rev. 9 for the Burial factor and the December 1999 values for the Labor and Energy factors

³ December trust earnings are not reflected on the company's books, therefore, the December 2000 balances on this report will not agree to other financial disclosures of the company.

Attachment 1
Schedule of the Annual Amounts Remaining to be Collected

Alabama Power Company
Farley Nuclear Plant Unit 1

Year	Beginning Fund Balance	Fund Earnings	Fund Contributions	Ending Fund Balance	Minimum Decommissioning Fund Estimate
1999					\$292,579,000
2000					305,745,055
2001	\$160,527,528	\$11,236,927	\$10,269,707	\$182,034,162	319,503,582
2002	182,034,162	12,742,391	10,269,707	205,046,260	333,881,244
2003	205,046,260	14,353,238	10,269,707	229,669,206	348,905,900
2004	229,669,206	16,076,844	10,269,707	256,015,757	364,606,665
2005	256,015,757	17,921,103	10,269,707	284,206,567	381,013,965
2006	284,206,567	19,894,460	10,269,707	314,370,734	398,159,593
2007	314,370,734	22,005,951	0	336,376,685	416,076,775
2008	336,376,685	23,546,368	0	359,923,053	434,800,230
2009	359,923,053	25,194,614	0	385,117,667	454,366,240
2010	385,117,667	26,958,237	0	412,075,903	474,812,721
2011	412,075,903	28,845,313	0	440,921,217	496,179,294
2012	440,921,217	30,864,485	0	471,785,702	518,507,362
2013	471,785,702	33,024,999	0	504,810,701	541,840,193
2014	504,810,701	35,336,749	0	540,147,450	566,223,002
2015	540,147,450	37,810,322	0	577,957,772	591,703,037
2016	577,957,772	40,457,044	0	618,414,816	618,329,674
2017	618,414,816	43,289,037	0	661,703,853	646,154,509

Attachment 2

Schedule of the Annual Amounts Remaining to be Collected

**Alabama Power Company
Farley Nuclear Plant Unit 2**

Year	Beginning Fund Balance	Fund Earnings	Fund Contributions	Ending Fund Balance	Minimum Decommissioning Fund Estimate
1999					\$292,579,000
2000					305,745,055
2001	\$153,687,903	\$10,758,153	\$10,015,198	\$174,461,254	319,503,582
2002	174,461,254	12,212,288	10,015,198	196,688,740	333,881,244
2003	196,688,740	13,768,212	10,015,198	220,472,149	348,905,900
2004	220,472,149	15,433,050	10,015,198	245,920,398	364,606,665
2005	245,920,398	17,214,428	0	263,134,826	381,013,965
2006	263,134,826	18,419,438	0	281,554,263	398,159,593
2007	281,554,263	19,708,798	0	301,263,062	416,076,775
2008	301,263,062	21,088,414	0	322,351,476	434,800,230
2009	322,351,476	22,564,603	0	344,916,080	454,366,240
2010	344,916,080	24,144,126	0	369,060,205	474,812,721
2011	369,060,205	25,834,214	0	394,894,419	496,179,294
2012	394,894,419	27,642,609	0	422,537,029	518,507,362
2013	422,537,029	29,577,592	0	452,114,621	541,840,193
2014	452,114,621	31,648,023	0	483,762,644	566,223,002
2015	483,762,644	33,863,385	0	517,626,029	591,703,037
2016	517,626,029	36,233,822	0	553,859,851	618,329,674
2017	553,859,851	38,770,190	0	592,630,041	646,154,509
2018	592,630,041	41,484,103	0	634,114,144	675,231,462
2019	634,114,144	44,387,990	0	678,502,134	705,616,878
2020	678,502,134	47,495,149	0	725,997,283	737,369,637
2021	725,997,283	50,819,810	0	776,817,093	770,551,271

Attachment 3
Material Changes to Trust Agreement

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|---------------|--|
| June 1991 | Executed Nonqualified Master Nuclear Decommissioning Trust Agreement with First Alabama Bank, Mobile |
| February 1994 | Executed Investment Management Agreement with W. H. Reaves & Co. for the Nonqualified Master Nuclear Decommissioning Trust |
| February 1994 | Executed Investment Management Agreement with ANB Investment Management and Trust Company for the Nonqualified Master Nuclear Decommissioning Trust |
| February 1994 | Executed Investment Management Agreements with Loomis, Sayles & Company for the Nonqualified Master Nuclear Decommissioning Trust and the Qualified Master Nuclear Decommissioning Trust |
| December 1995 | Executed Investment Management Agreement with Flaherty & Crumrine, Inc. for the Nonqualified Master Nuclear Decommissioning Trust |
| November 1996 | Named Mellon Bank, N. A. successor trustee for the Nonqualified Master Nuclear Decommissioning Trust and the Qualified Master Nuclear Decommissioning Trust |
| March 1999 | Established Trust Owned Life Insurance with Allmerica Financial Life and Annuity Company indirectly through Vinings Management for the Nonqualified Master Nuclear Decommissioning Trust |
| July 1999 | Executed Investment Management Agreement with Northern Trust Company for the Qualified Master Nuclear Decommissioning Trust |
| July 1999 | Executed Investment Management Agreement with Rhumbline Advisers for the Qualified Master Nuclear Decommissioning Trust |
| August 1999 | Executed Investment Management Agreement with Barrow, Hanley, Mewhinney & Strauss, Inc. for the Qualified Master Nuclear Decommissioning Trust |
| July 2000 | Executed Investment Management Agreement with Castleark Mangement L.L.C. for the Qualified Master Nuclear Decommissioning Trust |