

**J. Bernie Beasley, Jr., P.E.**  
Vice President

**Southern Nuclear  
Operating Company, Inc.**  
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*Energy to Serve Your World™*  
NL-03-2105

October 15, 2003

Docket Nos.: 50-348  
50-364

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 (10 CFR 50.75(f)(1))

Ladies and Gentlemen:

Pursuant to 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC the status of its decommissioning funding for each reactor or part of each reactor it owns on a calendar year basis, beginning March 31, 1999, and every two years thereafter. Accordingly, Southern Nuclear Operating Company (Southern Nuclear) holds operating licenses NPF-2 and NPF-8 for the Joseph M. Farley Nuclear Plant and submitted the required information on behalf of Alabama Power Company by letter dated March 28, 2003. Subsequently, Southern Nuclear received a request for additional information from the NRC on September 11, 2003.

The enclosed letter from Alabama Power Company restates the NRC request for additional information and provides the requested information for the Joseph M. Farley Nuclear Plant. This letter contains no NRC commitments. If you have any questions, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Beasley, Jr.", is written over the typed name.

J. B. Beasley, Jr.

JBB/TWS/sdl

Enclosure

A001

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cc: Southern Nuclear Operating Company  
Mr. J. D. Woodard, Executive Vice President  
Ms. K. S. King, Vice President and CFO  
Mr. D. E. Grissette, General Manager – Plant Farley  
Document Services RTYPE: CFA04.054; LC# 13851

U. S. Nuclear Regulatory Commission  
Mr. L. A. Reyes, Regional Administrator  
Mr. F. Rinaldi, NRR Project Manager – Farley  
Mr. T. P. Johnson, Senior Resident Inspector – Farley

Alabama Power Company  
Mr. W. B. Hutchins, Executive Vice President and CFO  
Mr. J. R. DeRieux, General Manager – Corporate Finance and Planning

ENCLOSURE

**William B. Hutchins III**  
Executive Vice President and  
Chief Financial Officer

600 North 18th Street  
Post Office Box 2641  
Birmingham, Alabama 35291-0269  
Tel 205.257.2905

September 23, 2003



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50-364

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Joseph M. Farley Nuclear Plant  
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Ladies and Gentlemen:

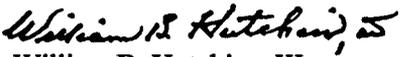
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- a. *In regards to the Biennial Decommissioning Trust Reports filed by Southern Company on behalf of the licenses it owns under the NRC, staff requires clarification in the form of a declarative statement as to the Real Rate of Interest used by Southern Company, in its forecast of future payments to the individual Decommissioning Trust Funds for each license. Although staff is able to imply the Real Rate of Interest by taking the nominal rate of interest and subtracting from it the tax rate and escalation, it has been determined that a declaring statement be made by Southern Company is necessary to comply with 10 CFR 50.75(f)(1).*
- b. *If the Real Rate of Interest is greater than 2%, then an accompanying statement indicating that a higher Real Rate of Interest is authorized by the licensees regulatory authority must be made (i.e., state public utility commission.)*

The real rate of interest used by Alabama Power Company for the Joseph M. Farley Nuclear Plant Decommissioning Trust Fund is 2.5% for both Unit 1 and Unit 2 in accordance with Alabama Public Service Commission Informal Docket U-3295, dated December 17, 1993.

This letter contains no NRC commitments. If you have any questions, please advise.

Sincerely,

  
William B. Hutchins, III