

ENCLOSURE 4



October 16, 2003

Docket Nos: 50-321
50-366

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

Edwin I. Hatch 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 DPR-7 and NPF-5 for the Edwin I. Hatch Nuclear Plant and submitted the required information on behalf of The Board of Water, Light and Sinking Fund Commission of the City of Dalton, Georgia, operating as Dalton Utilities, by letter dated March 26, 2003. Subsequently, Southern Nuclear received the following request for additional information from the NRC on September 10, 2003.

- 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).*

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The real rate of interest used by Dalton Utilities for the Edwin I. Hatch Nuclear Plant Decommissioning Trust Fund is 1.8% for both Unit 1 and Unit 2. The real rate of return is based on an escalation rate of 4.7% for the decommissioning costs and an interest rate of 6.5% applied to the decommissioning trust fund.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Don Cope", with a long horizontal flourish extending to the right.

Don Cope
President and CEO