

**BFN Relicensing ER Information Needs – March 2004**  
**Socioeconomics & EJ**

2. Is it possible to get a listing of where the current employees (3510 people stated to be working on the site) reside—which counties?

Response: Information on residential location of employees and contractors working at BFN was collected at various times during and prior to preparation of the ER. These data were used to estimate the residential location of the workers at the site in August, 2003, as shown in the table below.

**Employees and Contractors at BFN by County of Residence, August, 2003**

	TVA Employees		Contractors		Total (Employees and Contractors)	
	Number	Percent	Number	Percent	Number	Percent
<b>Counties within 50 Miles:</b>						
<b>Alabama</b>						
Colbert	71	6.9	261	10.5	332	9.5
Cullman	4	0.4	13	0.5	17	0.5
Franklin	13	1.3	68	2.7	81	2.3
Jackson	11	1.1	32	1.3	43	1.2
Lauderdale	306	29.6	617	24.9	923	26.3
Lawrence	18	1.7	94	3.8	112	3.2
Limestone	251	24.3	496	20.0	747	21.3
Madison	137	13.2	419	16.9	556	15.8
Marion	1	0.1	1	0.0	2	0.1
Marshall	8	0.8	13	0.5	21	0.6
Morgan	172	16.6	312	12.6	484	13.8
Winston	1	0.1	6	0.2	7	0.2
<b>Total</b>	<b>993</b>	<b>95.9</b>	<b>2332</b>	<b>94.2</b>	<b>3325</b>	<b>94.7</b>
<b>Tennessee</b>						
Giles	5	0.5	4	0.2	9	0.3
Lawrence	21	2.0	60	2.4	81	2.3
Lincoln	2	0.2	3	0.1	5	0.1
Marshall	0	0.0	0	0.0	0	0.0
Wayne	0	0.0	23	0.9	23	0.7
<b>Total</b>	<b>28</b>	<b>2.7</b>	<b>90</b>	<b>3.6</b>	<b>118</b>	<b>3.4</b>
<b>Total, Counties Within 50 Miles:</b>	<b>1021</b>	<b>98.6</b>	<b>2422</b>	<b>97.9</b>	<b>3443</b>	<b>98.1</b>
Outside 50 Miles	14	1.4	53	2.1	67	1.9
<b>Total</b>	<b>1035</b>	<b>100.0</b>	<b>2475</b>	<b>100.0</b>	<b>3510</b>	<b>100.0</b>

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3. Are contract employees typically permanent residents? Where do they typically reside and what are the typical living arrangements (e.g. rental apartments vs. purchased homes)?

Response: Though detailed information regarding residency of the current contract work force does not exist, as discussed in the ER, TVA experience at this and other construction sites indicates that the majority (probably at least two-thirds) of the workers would be permanent residents of the area, at least close enough to commute on a daily basis. In addition, we know that many of the current contract workers are former TVA employees who live in the area.

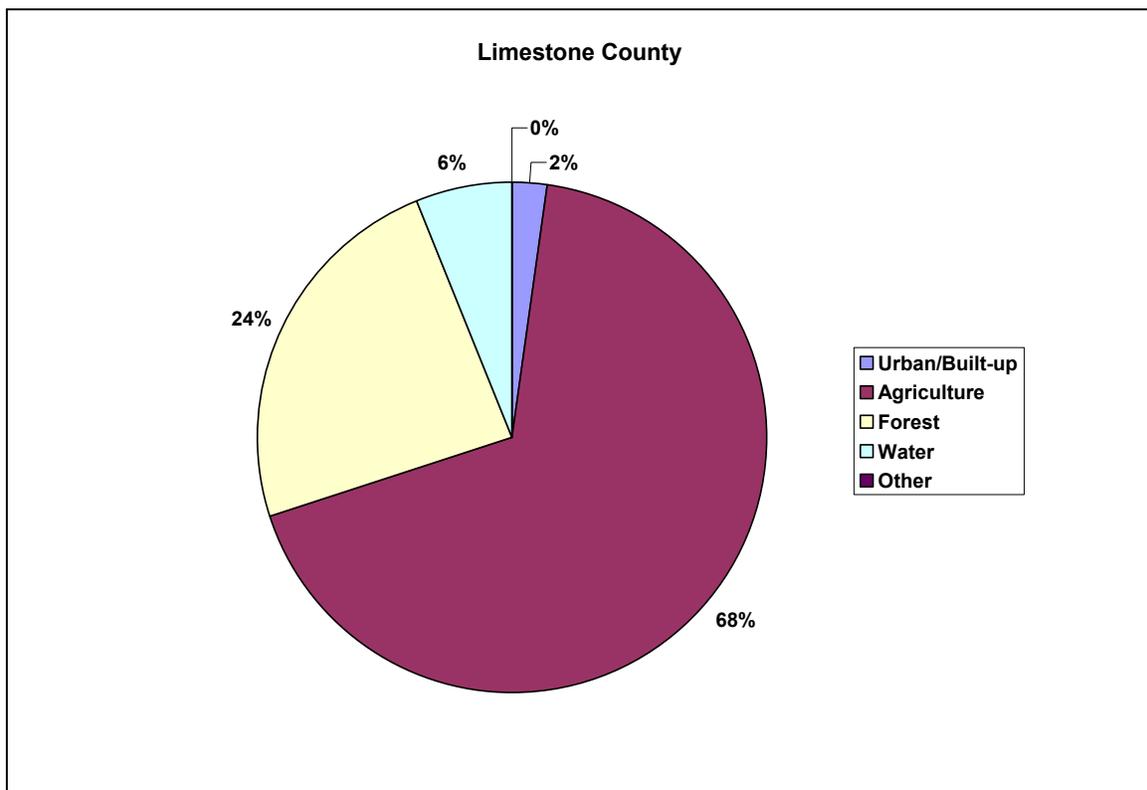
Worker surveys were done during the original construction period, in 1969 and in 1973 at times when total employment levels were similar to those projected for the proposed actions; these surveys showed that about 20 percent or fewer of the workers were movers. Of this 20 percent, around 60 percent either bought or rented houses, with about one-third buying in 1969 and about two-thirds in 1973. About one-fourth of the movers bought or rented mobile homes, with most buying. In 1969, about 12 percent of the movers lived in apartments, a share that dropped to about 6 percent by 1973. The remaining movers, approximately 5 percent, had other unspecified arrangements.

The area around the site includes three metropolitan areas (Huntsville, Decatur, and Florence), with population level and density that classifies it as a high population area. In addition, the primary labor market area has experienced relatively fast growth over at least the last two decades, growing faster than the national average, as well as the state average. Limestone County, in which the plant is located, grew much faster than the nation during this time period. (See Section E.2.6 of the ER.)

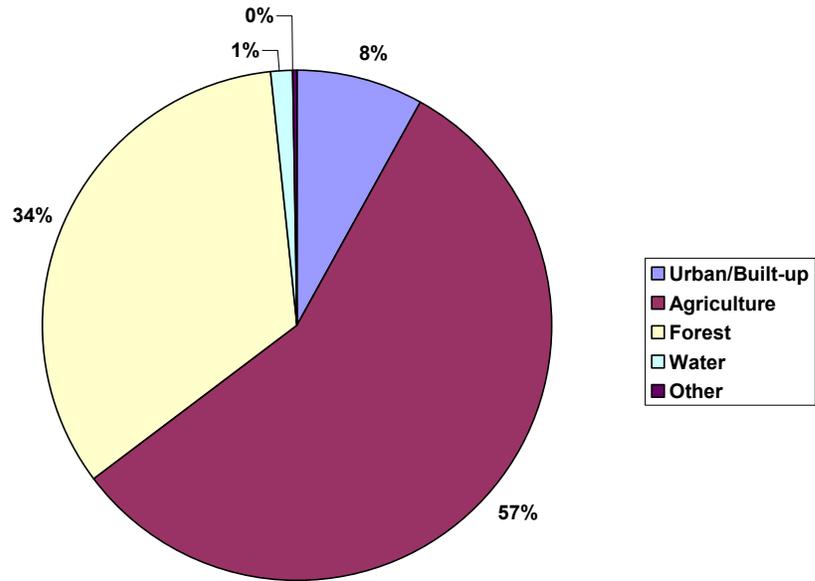
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4. Page E-54 of the ER provides a pie chart illustrating the land-use break out of Limestone County. Is this information also available for Madison and Morgan Counties?

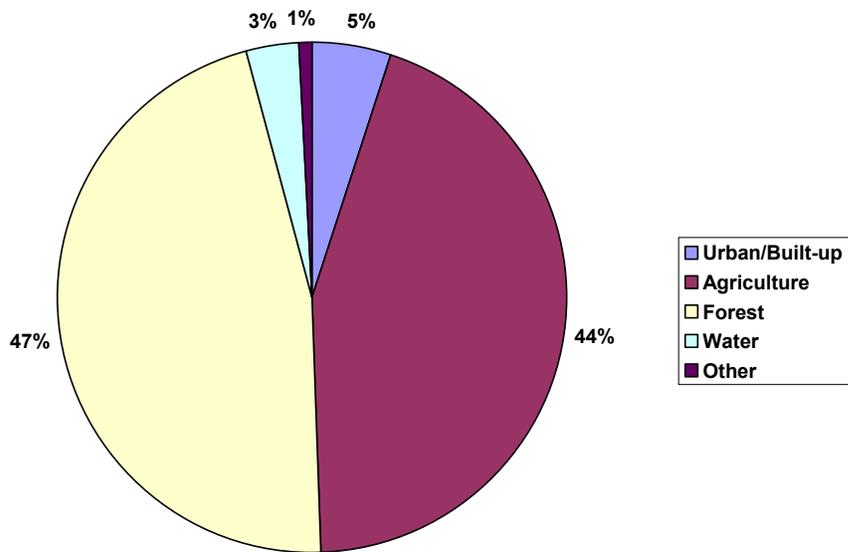
Response: Yes. Pie charts for all three counties are shown below.



### Madison County



### Morgan County



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5. Are there any significant known populations of migrant/transient workers in the area who may only be residing in the area temporarily or seasonally?

Response: We are not aware of any significant populations of migrant/transient workers in the area. We have also discussed this question with representatives of regional planning agencies in the area who are likewise not aware of any such populations.

## **BFN Relicensing ER Information Needs – March 2004**

### **Socioeconomics & EJ**

6. It would be helpful to have the total amount of taxes paid by TVA on the assessed value (if appropriate) of the Browns Ferry nuclear plant for the past five years, specifying the type of tax (e.g., property tax) and the entity to whom it is paid (it was not clear from the ER what the total amount of taxes paid by TVA was, the type of tax, and to whom it was being paid...is there any amount of tax that is paid directly to a local county or school district entity or is all to the state?). If it is all paid directly to the state and then redistributed to counties, please explain the criteria for distribution and indicate the amount the final recipient receives (for the corresponding years). In order to determine the impact of BFN under various scenarios, it will also be necessary to compare the amount that is paid by TVA with the total amount of revenues collected by the taxing entity (e.g., Limestone County or school district).

Response: TVA makes in lieu of tax payments to each state in which it sells electric power or has power property. Each state determines if and how allocations are made to local governments. A detailed explanation is given below. This explanation is followed by graphs and tables showing our latest estimates of impacts on the state and on Limestone, Madison, and Morgan Counties. Total revenues and receipts of Limestone County were \$20,082,621 in Fiscal Year 2002-2003\*<sup>1</sup>. The TVA payments constituted almost 23 percent of this amount.

#### **TVA In-Lieu-of-Tax Payments**

TVA makes payments in lieu of taxation to states in which its power operations are carried on and in which it has acquired properties previously subject to state and local taxation in accordance with federal law, section 13 of the TVA Act, 16 U.S.C. §8311. Under section 13, TVA pays five percent of its gross power revenues to such states and counties.

TVA's payments in lieu of taxes are apportioned among the states as follows:

- 50 percent of TVA's total payments in lieu of taxes are apportioned by paying to each state the percentage thereof which the gross proceeds of the power sales by TVA within a state (e.g., Alabama) during the relevant fiscal year bears to the total gross proceeds from all power sales by TVA during the relevant year; and
- 50 percent of TVA's total payments in lieu of taxes are apportioned by paying to each state the percentage thereof which the book value of the power property held by TVA within the state (e.g., Alabama) at the end of the relevant fiscal year bears to the total book value of all such property held by TVA on the same date.

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<sup>1</sup> Report on the Financial Statements All Counties (Prepared from Unaudited Data) For the 2002-2003 Fiscal Year, State of Alabama, Department of Examiners of Public Accounts.

Neither portion of the apportionment formula is affected by state or local ad valorem property taxes; however, State and local ad valorem property taxes come into play in two respects under section 13.

1. The minimum annual payment TVA makes to each state is not less than an amount equal to the two-year average of the State and local ad valorem property taxes levied against power property purchased and operated by TVA. This two-year average is calculated for the last two years during which the property was privately owned.

2. TVA pays directly to counties the two-year average of county ad valorem property taxes levied upon power property. This two-year average is also calculated for the last two years during which the property was privately owned. The amount paid to the state government is reduced by the amount paid to the counties.

For example: The \$329 million payment to the states and counties for FY2003 is equivalent to 5 percent of TVA's prior year adjusted power proceeds of about \$6.6 billion. This \$329 million is then allocated to the states based 50 percent on power sales within the state to TVA's total power sales in FY 2002, and 50 percent on the book value of TVA's power property located within the state to TVA's total power property. The ratios for determining the FY 2003 payment to the State of Alabama were 13.36 percent for power revenue and 33.71 percent for the book value of power property. These percentages were averaged (23.54 percent) and multiplied by the total in-lieu-of-tax payment of \$329 million to determine the State of Alabama's FY 2003 payment allocation of \$77.5 million. During FY 2003, TVA made direct payments to counties totaling nearly \$38 thousand which were deducted from the total allocated to the state.

#### Allocation by the State of Alabama

Section 13 of the TVA Act does not address how Alabama distributes the in lieu of tax payments it receives from TVA. The State of Alabama allocates its tax equivalent payments received from the TVA in accordance with Title 40 "Revenue and Taxation, Chapter 28 "Distribution of Payments Made In Lieu of Taxes", Sections 40-28-1 through Section 40-28-4.

The State of Alabama retains out of its TVA payment 20 percent for general fund purposes, allocates 75 percent to 16 TVA-served counties based on a formula of TVA's book value of power property and power sales, and redistributes 5 percent to 15 dry, non-TVA-served counties. The TVA-served counties share a portion of their payment with cities, the school systems, hospitals, etc., within their boundaries. The state makes monthly redistribution payments to the affected counties. During FY 2003 the State of Alabama allocated \$15 million to the general fund, \$58 million to TVA served counties, and nearly \$4 million to dry counties not served by TVA.

**BFN Impact Estimates**

**Browns Ferry Nuclear Plant  
Impact on the State of Alabama's Redistribution  
to Select Counties**

	Limestone County	Madison County	Morgan County
<b>FY 2003</b>			
Total Including BF	4,566,727.00	12,939,580.00	10,002,059.00
Total Excluding BF	2,551,517.00	12,949,421.00	10,012,541.00
BF Contribution	2,015,210.00	(9,841.00)	(10,482.00)
<b>FY 2002</b>			
Total Including BF	4,544,825.00	13,081,511.00	10,395,253.00
Total Excluding BF	2,536,102.00	13,091,159.00	10,404,554.00
BF Contribution	2,008,723.00	(9,648.00)	(9,301.00)
<b>FY 2001</b>			
Total Including BF	4,451,726.00	12,506,308.00	9,887,805.00
Total Excluding BF	2,485,238.00	12,515,746.00	9,896,917.00
BF Contribution	1,966,488.00	(9,438.00)	(9,112.00)

The allocation to Limestone County is largely attributed to TVA's fixed assets. The allocation to Madison and Morgan Counties is largely due to power sales revenue within the counties. Therefore, the net book value of Browns Ferry Nuclear Plant has a significantly positive impact on the distribution to Limestone County but has a minimal negative impact on Madison and Morgan Counties.

**Browns Ferry Nuclear Plant  
Impact on TVA's Distribution Allocation  
to the State of Alabama**

	Including BFNP	Excluding BFNP	BFNP Contribution
FY 1999	74,042,351.88	59,147,796.33	14,894,555.55
FY 2000	73,794,177.11	59,815,804.80	13,978,372.31
FY 2001	74,932,849.79	61,436,709.30	13,496,140.49
FY 2002	78,375,024.30	63,861,371.99	14,513,652.31
FY 2003	77,524,258.20	63,683,769.52	13,840,488.68

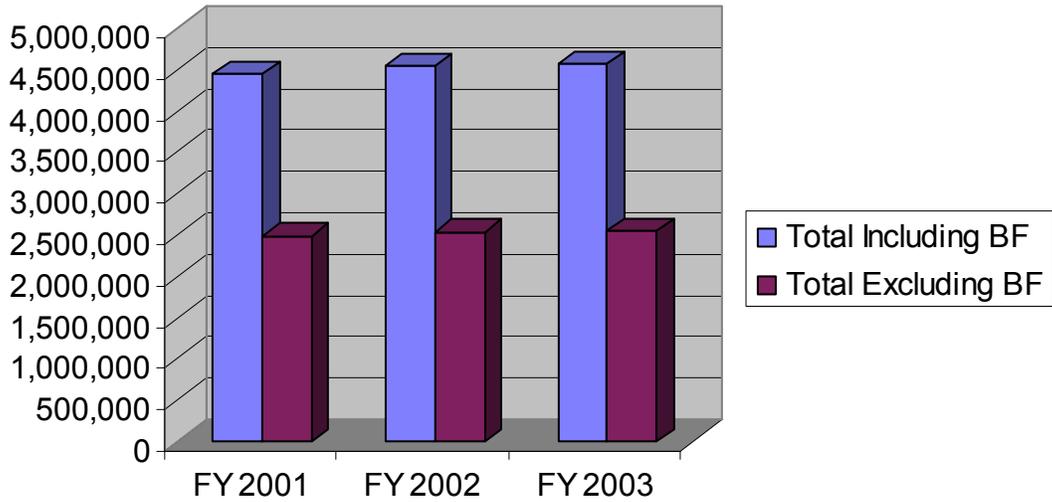
The state general fund, as well as all counties in Alabama that receive TVA in-lieu-of-tax distributions from the State of Alabama benefit from the presence of Browns Ferry Nuclear Plant due to the state's method of distributing the funds.

**Browns Ferry Nuclear Plant Unit 1 (1.8 billion)  
Estimated Impact on the State of Alabama's Redistribution  
to Select Counties  
FY 2003**

<b>FY 2003</b>	Limestone County	Madison County	Morgan County
Actual Distribution	4,566,727.00	12,939,580.00	10,002,059.00
Includes 1.8B restart of BFNP	5,696,146.58	14,137,394.61	\$10,926,942
Difference	1,129,419.58	1,197,814.61	924,882.65

This is the impact of the total estimated cost of the startup of Browns Ferry Unit One as if it was completed in FY 2002 and included in the FY 2003 distribution.

### Impact of BFNP Net Book Value on Alabama's Distribution to Limestone County



### Impact of BFNP Net Book Value on TVA's Allocation to the State of Alabama

