

TENNESSEE VALLEY AUTHORITY

CHATTANOOGA, TENNESSEE 37401

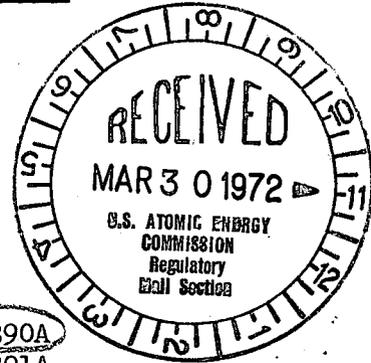
March 24, 1972

Regulatory

File Cy.

AIR MAIL

Dr. P. A. Morris, Director
Division of Reactor Licensing
United States Atomic Energy Commission
Washington, DC 20545



Dear Dr. Morris:

In the Matter of the Application of)
Tennessee Valley Authority)

Docket Nos. 50-390A
50-391A

Pursuant to our letter of August 17, 1971, responding to your letter of July 14, 1971, requesting information pursuant to 10 CFR Part 50.33(f), we enclose 10 copies of the TVA Power Quarterly Report for the quarter ending December 31, 1971.

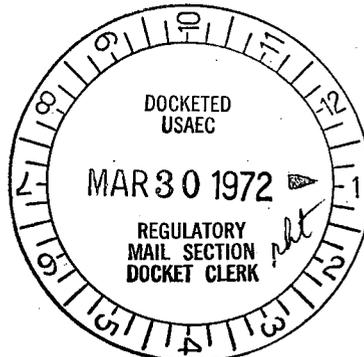
Very truly yours,

TENNESSEE VALLEY AUTHORITY

F. A. Szyganski for

R. H. Davidson, Chief
Nuclear Engineering Branch

Enclosures



1708

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**NET POWER INCOME
(And Retained Earnings)**

Operating Revenues

Sales of electric energy

Municipalities and cooperatives
Federal agencies
Industries
Electric utilities
Interdivisional

TOTAL SALES OF ELECTRIC ENERGY

Rents

TOTAL OPERATING REVENUES

Operating Expenses

Production
Taxes and payments in lieu of taxes
Depreciation
Other

TOTAL OPERATING EXPENSES

OPERATING INCOME

Other Income and Deductions

Interest income
Allowance for funds used in
construction and nuclear fuel

TOTAL OTHER INCOME AND DEDUCTIONS

TOTAL INCOME

Interest Charges

Interest on long-term debt
Other interest expense
Amortization of long-term debt discount,
premium, and expense, net

TOTAL INTEREST CHARGES

NET INCOME

Payment of return on appropriation investment

INCREASE IN RETAINED EARNINGS

Retained earnings at beginning of period

RETAINED EARNINGS AT END OF PERIOD

Six Months
Ended December 31
1971 1970
(Thousands)

Twelve Months
Ended December 31
1971 1970
(Thousands)

\$196,983	\$169,496	\$406,676	\$321,882
35,359	28,290	68,909	58,508
60,435	60,434	125,015	114,227
2,390	5,359	7,140	8,961
1,641	1,522	3,289	2,990
296,808	265,101	611,029	506,568
9,528	9,422	18,819	18,835
306,336	274,523	629,848	525,403
154,282	146,970	313,423	278,438
14,453	11,400	25,944	20,683
41,156	39,789	81,369	78,304
21,261	19,998	41,785	37,687
231,152	218,157	462,521	415,112
75,184	56,366	167,327	110,291
—	3	26	18
22,972	21,639	49,464	39,580
22,972	21,642	49,490	39,598
98,156	78,008	216,817	149,889
29,299	24,301	53,601	42,127
18,131	14,755	32,379	30,315
69	30	98	70
47,499	39,086	86,078	72,512
50,657	38,922	130,739	77,377
27,905	32,573	60,479	61,397
22,752	6,349	70,260	15,980
714,736	660,879	667,228	651,248
\$737,488	\$667,228	\$737,488	\$667,228

NET POWER PROCEEDS

From Power Operations

Total income less noncash allowance for
funds used
Depreciation, depletion and amortization

\$ 75,184 \$ 56,369 \$167,353 \$110,309
41,220 39,796 81,465 78,313

116,404 96,165 248,818 188,622
237 267 580 626

From Sale of Power Facilities

TOTAL

\$116,641 \$ 96,432 \$249,398 \$189,248

POWER ASSETS AND LIABILITIES

At December 31
1971 1970
(Thousands)

ASSETS

*Property, Plant,
and Equipment*

Completed plant
see note \$3,339,046 \$3,219,268

Less accumulated
depreciation 1,038,481 962,362

Net completed plant 2,300,565 2,256,906

Construction in
progress 1,066,454 678,810

Nuclear fuel 50,979 27,756

Total property,
plant, and
equipment 3,417,998 2,963,472

Current Assets 188,687 150,829

Deferred Charges 10,399 7,883

TOTAL ASSETS \$3,617,084 \$3,122,184

LIABILITIES

Proprietary Capital

Appropriation
investment \$1,071,886 \$1,089,164

Retained earnings 737,488 667,228

Total proprietary
capital 1,809,374 1,756,392

Long-Term Debt 925,000 675,000

Short-Term Notes

Payable to U. S.
Treasury 100,000 100,000

Payable to public 670,000 490,755

Total short-term
notes 770,000 590,755

Other Current Liabilities 111,716 99,009

Contributions 794 759

Deferred Credits 200 269

TOTAL LIABILITIES \$3,617,084 \$3,122,184

Note: Total single-use power plant plus portions of multipurpose hydroelectric dams allocated to power. The total investment in multipurpose hydroelectric dams at December 31, 1971, was \$947 million, classified as follows: power, \$478 million; navigation and flood control, \$469 million.

Regulatory

File C

3-24-72

TVA

**Power
Quarterly
Report**

six months ended December 31, 1971



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TENNESSEE VALLEY AUTHORITY

Earnings and Treasury Payments—Revenues of the TVA power system totaled \$306.3 million in the six months ended December 31, 1971, up 12 percent over the corresponding period the year before. Revenues from the municipal and cooperative systems that distribute TVA power rose 16 percent; revenues from government agencies, primarily the AEC, rose 24 percent; and revenues from the large industries served directly by TVA remained about the same as last year. However, as the last half of the year begins, there are some indications that both energy sales and revenues from these large, basic industries might begin to rise.

Net income for the six months was \$50.7 million, compared with \$38.9 million in the like period the year before. Some \$27.9 million of this was paid to the United States Treasury as the semi-annual dividend on Federal appropriations invested in TVA power facilities; the remaining \$22.8 million was available to help pay for the \$275 million spent during the six months for the construction of new power facilities. The remaining half of the \$55.8 million annual dividend plus \$20 million for retirement of appropriations will be paid next June.

	<i>Six Months Ended December 31</i>		<i>Percent Change</i>
	<i>1971</i>	<i>1970</i>	
<i>Sales</i>	<i>Billions of kWh</i>		
<i>Municipalities and cooperatives</i>	27.6	26.5	4
<i>Directly served industry</i>	9.5	11.0	-14
<i>Federal agencies, including interdivisional</i>	6.3	6.2	3
<i>Electric utilities</i>	.2	.9	-80
<i>Total sales</i>	43.6	44.6	-2

Interest rates continue to decline. Issues of short-term notes sold in each month of the quarter were in amounts of \$80 million, \$170 million, and \$220

million and their interest costs to TVA were 4.652 percent, 4.808 percent, and 4.068 percent. After the quarter ended, a \$150 million issue of 25-year Power Bonds was sold at an interest cost to TVA of 7.040 percent, as compared with the interest cost of 7.359 percent on a similar issue of Power Bonds sold on October 19, 1971.

Nation's First Demonstration LMFBR—The Atomic Energy Commission has announced that a tentative plan submitted jointly by the Commonwealth Edison Company of Chicago and TVA for the design, construction, and operation of the Nation's first demonstration liquid metal fast breeder reactor has been accepted as a basis for further negotiation. The plan contemplates that a demonstration plant of 300,000 to 500,000 kilowatts would be located on the TVA system.

The project, estimated to cost on the order of a half-billion dollars, is a joint industry-government effort. Subject to acceptance of the final arrangements, conditional pledges of about \$240 million have been made to date by all segments of the utility industry, including privately, publicly, and cooperatively owned electric systems. Additional money will be provided by the Federal Government.

Protecting the Environment—A number of steps were taken during the quarter that further strengthen TVA's environmental programs.

Future invitations to bid for the procurement of surface-mined coal will require the producer to submit a detailed Reclamation and Conservation Plan, which has been approved by TVA, before the producer can be eligible for an award. To provide a more workable enforcement procedure, a portion of the contract payments will be with-

held by TVA in a special reclamation account, to be paid with interest when the required reclamation is satisfactorily completed. If the work is not done satisfactorily, this money will be available for TVA to use in completing the job. Since 1965 TVA's term contracts for procurement of surface-mined coal have required land reclamation.

TVA is also proposing control measures for underground mining similar to those for surface mining, with special attention to drainage problems associated with underground mining. The proposed measures are still experimental, and TVA plans to test them in selected contracts.

Advanced radwaste treatment systems were ordered for the Browns Ferry Nuclear Plant. They will reduce radiation from the plant's gaseous releases to about one-fourth of the permissible levels under the new guidelines proposed this past year by the Atomic Energy Commission. The advanced treatment installation will include hydrogen recombiners and charcoal beds for more effective decay of radioactive gases from the plant's steam system before they are released.

One of the region's oldest electric power projects—Nolichucky Dam near Greeneville, Tennessee, which began generating electricity in 1913—will be retired from service, but its dam will be renovated and its lake converted into a waterfowl sanctuary and nature study area. It is expected that large numbers of waterfowl, especially wild ducks and geese, will be attracted to the project.

Industrial Development—Industrialization grew a little more rapidly in calendar 1971 than in 1970, according to preliminary data. Some 500 new and expanded industrial facilities were announced during the year, calling for \$350 million in investments and 30,000 new jobs, compared with \$322

million in investments and 25,000 new jobs reported in 1970. Industrial announcements calling for investments of \$10 million or more included the following:

<i>Company</i>	<i>Plant Site</i>	<i>Product</i>
Eaton Corp.	Glasgow, Ky.	Truck axles
Firestone Tire & Rubber Co.	LaVergne, Tenn.	Radial truck tires
ASG Industries, Inc.	Greenland, Tenn.	Plate glass
Roper Corp.	Near LaFayette, Ga.	Electric & gas ranges
Hall (W. F.) Printing Co.	Dresden, Tenn.	Book printing

Board of Directors, Tennessee Valley Authority
 AUBREY J. WAGNER, *Chairman*
 FRANK E. SMITH, *Member*
 DON McBRIDE, *Member*

Knoxville, Tennessee
January 1972