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To:	Jackson, Shirley Ann	Time:	10:58:04
From :	Jane A. Fleming.	Date:	6/17/96
Subject:	Delrina WinFax PRO Viewer -[WinFax 4.0]		
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Chairman Jackson,

Thought this article may interest you. Thanks for your time and interest in this topic. This action is certainly a benefit to the taxpayer, as well as leveling the feild for other utilities. The financial climate of the country today is not condusive to another Federal Bailout. Decommissioning is a cost of doing business. TVA justly should assume thier own cost. Again, thanks for your interest.

As a quick aside NNSN met last week, as facillitator I noticed a marked iimprovement in attitudes toward the effectiveness of the NRC. Although Staff is not yet recieve improved grades, the general consensus is one of high approval of the positions you have taken. These nuclear workers have grave concerns about the safety of the industry. They are encouraged by your position on the NRC's need to adhere to regulations. Thank you for your strong leadership. As has been stated this is an "unforgiving technology"..standards must be high and regulations must be enforced.

Jane Fleming

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BUSINESS

TVA puts \$400 million in trust to ensure decommissioning fees

By Jerry Dean
Business writer

Two months after a U.S. Nuclear Regulatory Commission inspector general's report questioned sufficiency of TVA nuclear decommissioning funds, the agency announced Thursday it has put nearly \$400 million in trust in three Tennessee banks "to ensure funding for decommissioning" of its six nuclear units that so far have operated.

The total put in trust includes \$123 million the TVA Board of Directors added to the decommissioning fund during its May meeting in Starkville, Miss.

Completion of three other plants — at Bellefonte in Alabama and Tennessee's Watts Bar 2 — has been deferred as TVA limits its debt arising from its nuclear program.

TVA Chairman Craven Crowell said the trust fund would mean sufficient TVA investments growth to ensure availability of \$4.8 billion from 2017 through 2037 — adequate to pay costs of removing Browns Ferry, Sequoyah and Watts Bar 1 nuclear plants from service.

"It's important to our ratepayers and to TVA's competitiveness that we ensure there will be adequate funds to decommission these nuclear plants at the end of their operating lives,"

Crowell said. "This new approach to managing our decommissioning fund should provide ample return on our investment to fulfill our obligation."

TVA estimates decommissioning Browns Ferry 2 and 3 and the inactive Browns Ferry 1 in Alabama will require \$2 billion by 2017. Sequoyah's two units, near Chattanooga, will require \$1 billion more for decommissioning beginning in 2022; and the newly licensed Watts Bar 1, near Spring City, will require another \$1.4 billion more in closing after 2037.

The NRC's study said TVA, as the only federal agency licensed to operate commercial power reactors, need not maintain a decommissioning

fund, so long as it submitted a "statement of intent." Such a statement says the agency will have on hand, by decommissioning time, funds sufficient to shut down and clean sites contaminated by decades of reactor radiation.

The NRC requires all investor-owned nuclear power suppliers either to prepay decommissioning costs or provide a surety guarantee that such funds will be available as needed. In light of TVA's \$27 billion debt, its number of nonproducing nuclear assets, and its questionable status once the electric utility industry is deregulated,

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lated, the NRC IG urged the commission to review its policy of allowing TVA's statement of intent to suffice.

Since 1977, TVA has voluntarily set aside a decommissioning fund; but the fund, in 1993, was depleted as TVA reinvested the money elsewhere. TVA said reinvestment brought the agency a \$163 million market gain before the money was returned to a decommissioning fund which, by 1995, totaled \$261 million.

The NRC said its decommissioning policy for TVA was based on "the assumption that federal government would pay TVA's financial obligations," including decommissioning costs, "should the utility be unable to do so." But the IG called it "questionable" to assume the government would pay any of TVA's unmet 21st century decommissioning costs.

Crowell said the \$400 million — divided among trustees First American National Bank, Union Planters Bank and First Tennessee Bank — will let banks, as investment managers, develop "broad, diversified investment portfolios," so the decommissioning funds will earn a 10 percent annual rate of return.

Crowell said TVA earns 6 percent on its decommissioning fund through short-term investments.

The three banks were chosen in competition with other institutions, including two from outside TVA's seven-state region, Crowell said. Nashville-based First American now will serve as trustee for \$200 million of the TVA funds and will manage \$50 million in TVA investments. Memphis-based Union Planters and First Tennessee will be trustees of \$100 million each, and each will manage \$25 million worth of TVA investments.