



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

May 29, 1984

Docket Nos.: 50-390  
and 50-391

Mr. H. G. Parris  
Manager of Power  
Tennessee Valley Authority  
500 A Chestnut Street, Tower II  
Chattanooga, Tennessee 37401

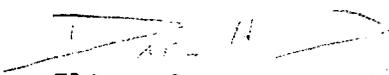
Dear Mr. Parris:

Subject: Request for Additional Information Regarding the Financial  
Qualifications Review for the Watts Bar Nuclear Plant,  
Units 1 and 2

In our letter dated May 9, 1984, the staff inadvertently transmitted the wrong financial qualification information request for the Watts Bar Nuclear Plant, Units 1 and 2. Attached is the correct request for information.

In keeping with your expected fuel load date, please submit your responses to these questions by July 1, 1984. If you have any questions concerning this request or cannot meet the requested deadline, please contact the project manager, T. J. Kenyon, at FTS 492-7266.

Sincerely,

  
Elinor G. Adensam, Chief  
Licensing Branch No. 4  
Division of Licensing

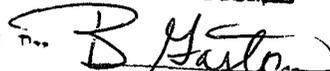
Enclosure:  
As stated

cc: See next page

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PDR ADOCK 05000390  
I PDR

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WATTS BAR

Mr. H. G. Parris  
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Tennessee Valley Authority  
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Chattanooga, Tennessee 37401

cc: Herbert S. Sanger, Jr., Esq.  
General Counsel  
Tennessee Valley Authority  
400 West Summit Hill Drive, E 11B 33  
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Mr. D. Checct  
Westinghouse Electric Corporation  
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Resident Inspector/Watts Bar NPS  
c/o U.S. Nuclear Regulatory  
Commission  
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Spring City, Tennessee 37381

Mr. David Ormsby  
Tennessee Valley Authority  
400 Chestnut Street, Tower II  
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James P. O'Reilly, Regional Administrator  
U.S. Nuclear Regulatory Commission,  
Region II  
101 Marietta Street, N.W., Suite 2900  
Atlanta, Georgia 30323

DESIGNATED ORIGINAL

Certified By

*B. Masto*

REQUEST FOR FINANCIAL INFORMATION  
OPERATING LICENSES - GOVERNMENT-OWNED UTILITIES  
(Municipal, State and Federal Agencies, and Public Utility Districts)

Questions Applicable to All OL Applicants:

1. a. Indicate the estimated annual cost by year to operate each unit of the subject facility for the first five full years of each unit's commercial operation. The types of costs included in the estimates should be indicated and include (but not necessarily be limited to) operation and maintenance expense (with fuel costs shown separately), depreciation, taxes and a reasonable return on investment or margin. (Enclosed is a form which should be used for each unit for each year of the five year period.) Indicate the projected plant capacity factor (in percent) for each unit during each of the five years. Provide separate estimates using 50 percent and 60 percent plant capacity factors.
- b. Indicate the unit price per kWh experienced by each applicant on system-wide sales of electric power to all customers for the most recent 12-month period.
2. Indicate the estimated costs of permanently shutting down each unit of the facility (decommissioning costs), stating what is included in such costs, the assumptions made in estimating the costs, the type of shutdown contemplated, and the intended source of funds to cover these costs.

3. Provide an estimate of the annual cost to maintain each unit of the shutdown facility in a safe condition. Indicate what is included in the estimate, assumptions made in estimating costs, and the intended source of funds to cover these costs.
  
4. Have future decommissioning costs for any nuclear and/or non-nuclear facility owned by the applicant been collected through rates during the useful life of the facility? If so, cite specific examples and describe the methodology used for inclusion in rates. Provide the citation and relevant excerpts from any decisions providing for such decommissioning cost recovery. Indicate the total amount of decommissioning funds accumulated thus far, if any.
  
5. a. If the facility is jointly-owned provide copies of the joint participation agreement setting forth the procedures by which the applicants will share operating expenses and decommissioning costs.
  
5. b. Is each participant's percentage ownership share in the facility equal to its percentage entitlement in the electrical capacity and output of the plant? If not, explain the difference(s) and any resultant effect on any participant's obligation to provide its share of operating costs.

5. c. If a membership organization is participating as a joint owner, explain the contractual arrangement among the members that assures that funds will be available to meet the entity's obligations to the project. Provide sample copies of the power sales contract.

Questions Applicable to Government-Owned Applicants:

6. Provide citations and relevant excerpts from state and/or Federal statutes, rules or regulations (if any) that designate and require the applicant to establish rates such that the applicant may recover all reasonable costs of operation incurred in the providing of utility service to customers. Also provide the citations and relevant excerpts from any administrative rulings or court decisions interpreting such statutes, rules, or regulations in the establishing of rates to allow recovery of costs incurred in the providing of utility service.
7. Describe the rate-setting authority of each applicant and how that authority may be used to ensure the satisfaction of financial obligations related to operating costs and eventual shutdown costs of the facility. Describe any restrictions on such rate-setting authority and how this may affect the applicant's ability to satisfy its obligations to the project. Describe the nature and amount of each applicant's most recent rate relief action and the anticipated effect on revenues. Indicate the nature and amount of any pending rate relief actions(s).

8. Describe the nature, amount, ratings and success of each applicant's most recent revenue and general obligation bond sales. Indicate the current total outstanding indebtedness in each category for each entity.
  
9. Provide copies of the official statement for the most recent bond issue. Provide copies of the preliminary statement for any pending security issue. Provide copies of the most recent annual financial report and the most recent interim financial statements.

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING UNIT:

FOR THE CALENDAR YEAR 19\_\_

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor _____%) . . . . .	\$ _____
Other operating expenses. . . . .	_____
Maintenance expenses. . . . .	_____
Total nuclear power generation. . . . .	_____

Transmission expenses . . . . .	_____
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Administrative and general expenses

Property and liability insurance. . . . .	_____
Other A.&G expenses . . . . .	_____
Total A.&G expenses . . . . .	_____

TOTAL O&M EXPENSES. . . . .	_____
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Depreciation expense. . . . .	_____
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Taxes other than income taxes

Property taxes. . . . .	_____
Other . . . . .	_____
Total taxes other than income taxes . . . . .	_____

Income taxes - Federal. . . . .	_____
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Income taxes - other. . . . .	_____
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Deferred income taxes - net . . . . .	_____
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Investment tax credit adjustments - net . . . . .	_____
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Return or margin (rate of return: _____%) . . . . .	_____
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TOTAL ANNUAL COST OF OPERATION	\$ _____
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