



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

NRC PDR

Docket Nos. 50-390A  
50-391A

OCT 12 1978

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Mr. J. E. Gilleland  
Assistant Manager of Power  
Tennessee Valley Authority  
830 Power Building  
Chattanooga, Tennessee 37401

Dear Mr. Gilleland:

WATTS BAR NUCLEAR PLANT, UNITS 1 AND 2

We thank you for the information transmitted in your August 31, 1978 letter with respect to our Regulatory Guide 9.3. In reviewing this information, some specific questions have surfaced. Any further information that you could furnish which would clarify the following questions would be appreciated.

1. The information which you submitted in response to Regulatory Guide 9.3 indicates that in 1977 TVA replaced its previous rate schedules. Please supply us with a previous schedule(s) corresponding to the new WS schedule, to one of the new GS schedules, and to one of the new RS schedules, respectively.
2. Did TVA hold hearings with respect to its new rate schedules that went into effect in January of 1977? Under what circumstances does TVA hold hearings with respect to rate changes?
3. The information which you have already submitted shows twelve different Residential Rate schedules, i.e., RS-1 through RS-12, and similarly twelve different General Power Rate schedules, i.e., GS-1 through GS-12. Presumably, different numbered schedules are used by different distributors. If so, how is it determined what schedule each distributor uses? Is it based on the location of the distributor, its size, cost of service, or some other factor? To what extent can a distributor choose a given schedule number and what justification must it provide?
4. The new wholesale rate schedule WS has an adjustment clause (Adjustment 2.) which adds to a distributor's bill if the distributor has large customers. What are the reasons for such an adder for large customers?

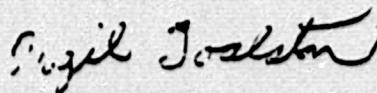
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5. What rate schedule(s) does TVA use for its direct (not through distributors) sales to industry? If TVA has a single industrial schedule applicable to more than one or a class of industries, please furnish a copy of such. If TVA has individual customized rate schedules for each industry, please furnish an example of one.
6. With respect to an inquiry by the City of Clarksdale, Mississippi regarding a diversity capacity exchange, TVA responded that under the TVA Act, TVA could only enter into power exchange arrangements with other generating organizations with whom it had exchange agreements on July 1, 1957. Please cite that part of the TVA Act which so restricts TVA. Has there been any court decisions which supports TVA's interpretation? If so, please describe.
7. In response to inquiries from Big Rivers Electric Corporation and Jackson Purchase RECC regarding possible wheeling services, TVA responded that wheeling arrangements could not be such as would conflict with the area limitation provisions of the TVA Act. What (who) were the initial sources of the power that Big Rivers and Jackson Purchase wanted TVA to wheel to them? What type of wheeling services, in TVA's opinion, would conflict with the area limitations of the Act? If TVA simply provided a transmission service whereby it received from an entity (other than one of its distributors) the same amount of power as it delivered (corrected for transmission losses), would this conflict with the TVA Act? If so, how? Would the previous answer depend on whether TVA had a power exchange arrangement as of July 1, 1957 with the supplying system or the receiving system? If so, why? Does TVA provide wheeling services for any other electric system (excluding TVA distributors)? If so, please describe all such arrangements.

If any of the above questions are unclear, I will be glad to try and clarify them. To avoid unnecessary delay, please telephone me at 301-492-8339 with respect to any questions you may have.

- Sincerely,



Argil Toalston, Chief  
Power Supply Analysis Section  
Antitrust and Indemnity Group  
Office of Nuclear Reactor Regulation