RAS#AA-07

Garry Morgan
130 Rome St.
Scottsboro, Al., 35769
July 30, 2008

U.S. Nuclear Regulatory Commission
Atomic Safety and Licensing Board Panel
Administrative Judge G. Paul Bollwerk, III
Washington, DC 20555-0001

and

U.S. Nuclear Regulatory Commission
Office of the Secretary
Rulemakings and Adjudications Staff
Washington, DC 2055-0001

DOCKETED
USNRC

July 30, 2008 4:30 pm

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

Docket No. 52-014-COL and 52-015-COL

Docket Nos. 52-014-COL and 52-15-COL

Subject: Limited Appearance Statement from Garry Morgan related to the Tennessee Valley Authority (TVA) Violation of the TVA Act Sec.15d. (a), relating to Debt and Bond Issuance to repay Debt.

Honorable Members of the Atomic Safety and Licensing Board;

The TVA is in violation of its authorizing Act in regards to its financial status, "Indebtedness/ Bond Refund Limit". The TVA Act states, Sec. 15d. (a) "The Corporation is authorized to issue and sell bonds, notes and other evidences of indebtedness (hereinafter collectively referred to as "bonds") in an amount not exceeding $30,000,000,000 outstanding at any one time to assist in financing its power program and to refund such bonds" (excerpt TVA Act attached as enclosure 1). The 2nd Quarter Financial Statement, Form 10Q (attached as enclosure 2) reflects total indebtedness at $23,035 Billion and total Interest Payments relating to debt, bond/notes refund payments, at $21,878 Billion for a total of $44,913 Billion commitment on debt and bond/note repayment. The sentence in 15d (a) is clear, "...evidences of indebtedness...and to refund such bonds." This places the TVA over the Congressionally mandated $30 Billion "cap" by $14.913 billion.

Temp = SECY-038

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I must ask, would you grant a Nuclear Operating License to a financially insolvent private power generating corporation who is in violation of Federal Law? Why would you issue a license to the TVA who is in violation of the Federal authorizing law related to its debt ?" How is the TVA suppose to pay for the estimated $14-18 Billion Bellefonte, Alabama Nuclear Reactors without "bankrupting" the TVA and further flagrantly violating the TVA Act's "debt cap?"

It would seem the only way the TVA could pay for this Nuclear Development is to further violate the law and create a severe hardship on citizens and business of this small rural area as a result of enormously increased electric rates. Or even worse, placing the TVA into financial insolvency resulting in dissolving of the TVA and placing the Tennessee Valley's rural citizens, business and their local governments into a financial crisis.

Honorable members of the Atomic Safety and Licensing Board, I hereby request that you deny the TVA's request for an Operating License for Bellefonte Units 3 and 4 for the following reasons: 1) The TVA has violated its authorizing authority, TVA Act Sec 15 d (a), by exceeding the Congressionally mandated debt cap of $30,000,000,000 for its debt and debt repayment. 2) TVA rate hikes to pay for the expensive Nuclear Plants would cause financial hardship for citizens and business of this rural area. 3) Excessive Debt compromises Nuclear Safety due to implementation of shortcuts to save money. 4) An insolvent TVA would create insolvent local governments who depend on TVA in lieu of Tax to operate their county governments, for Jackson County Alabama the current amount is $12 million annually.

Regards,

Garry Morgan

Garry Morgan, email: gmorg50@hotmail.com phone contact: 256-218-0124
Date: July 30, 2008

2 Enclosures as stated

TVA ACT with Amendments included.

due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. None of the proceeds of the bonds shall be used for the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this Act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds under this section shall expire January 1, 1941, except that if at the time such authority expires the amount of bonds issued by the Corporation under this section is less than $61,500,000, the Corporation may, subject to the foregoing provisions of this section, issue, after the expiration of such period, bonds in an amount not in excess of the amount by which the bonds so issued prior to the expiration of such period is less than $61,500,000 for refunding purposes, or, subject to the provisions of paragraph (5) of this section (limiting the purposes for which loans under section 12a of funds derived from bond proceeds may be made) to provide funds found necessary in the performance of any contract entered into by the Corporation prior to the expiration of such period, under the authority of section 12a. [53 Stat. 1083-1085, 16 U.S.C. sec. 831n-3]

VA Act. Limitations!

Sec. 15d. (a) The Corporation is authorized to issue and sell bonds, notes and other evidences of indebtedness (hereinafter collectively referred to as "bonds") in an amount not exceeding $30,000,000,000 outstanding at any one time to assist in financing its power program and to refund such bonds. The Corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for the construction, acquisition, enlargement, improvement, or replacement of any plant or other facility used or to be used for the generation or transmission of electric power (including the portion of any multiple-purpose structure used or to be used for power generation); as may be required in connection with the lease, lease-purchase, or any contract for the power output of any such plant or other facility; and for other purposes incidental thereto. Unless otherwise specifically authorized by Act of Congress the Corporation shall make no contracts for the sale or delivery of power which would have the effect of making the Corporation or its distributors, directly or indirectly, a source of power supply outside the area for which the Corporation or its distributors were the primary source of power supply on July 1, 1957, and such additional area extending not more than five miles around the periphery

Encl 1

Source: TVA.gov

Cash Requirements and Contractual Obligations

The estimated cash requirements and contractual obligations for TVA as of March 31, 2008, are detailed in the following table.

Commitments and Contingencies

	Total	2008 (1)	2009	2010	2011	2012	Thereafter
Debt	$ 23,035(2)	$ 1,502	$ 2,030	$ 42	$ 1,000	$ 1,525	$ 16,936
Interest payments relating to debt	21,878	639	1,288	1,180	1,152	1,124	16,495
Lease obligations							
Capital	173	28	56	56	29	2	2
Non-cancelable operating	396	32	51	39	28	27	219
Purchase obligations							
Power	5,615	116	202	215	223	229	4,630
Fuel	3,629	932	655	652	292	399	699
Other	618	182	211	31	49	26	119
Payments on other financings	1,417	33	85	89	95	97	1,018
Payment to U.S. Treasury (3)							
Return of Power Facilities Appropriation Investment	130	20	20	20	20	20	30
Return on Power Facilities Appropriation Investment	258	19	22	21	20	18	158
Retirement plans (4)	44	44	–	–	–	–	–
Total	$ 57,193	$ 3,547	$ 4,620	$ 2,345	$ 2,908	$ 3,467	$ 40,306

Notes

(1) Period April 1 - September 30, 2008.

(2) Does not include noncash items of foreign currency valuation loss of $262 million and net discount on sale of Bonds of $202 million.

(3) TVA has access to financing arrangements with the U.S. Treasury whereby the U.S. Treasury is authorized to accept from TVA a short-term note with a maturity of one year or less in an amount not to exceed $150 million. TVA may draw any portion of the authorized $150 million during the year. TVA's practice is to repay on a quarterly basis the outstanding balance of the note and related interest. Because of this practice, there was no outstanding balance on the note as of March 31, 2008. Accordingly, the Commitments and Contingencies table does not include any outstanding payment obligations to the U.S. Treasury for this note at March 31, 2008.

(4) The TVA Board plans to evaluate the need for future funding on an annual basis through the ratemaking process.

In addition to the cash requirements above, TVA has contractual obligations in the form of revenue discounts related to energy prepayments. See Note 1 — *Energy Prepayment Obligations.*

Energy Prepayment Obligations

	Total	2008 (1)	2009	2010	2011	2012	Thereafter
Energy Prepayment Obligations	$ 1,086	$ 53	$ 105	$ 105	$ 105	$ 105	$ 613

Note
(1) Period April 1 - September 30, 2008.

During the first quarter of 2008, TVA executed certain contracts related to the resumption of construction activities at Watts Bar Unit 2. As of March 31, 2008, expenditures against these contracts are forecasted to be approximately $1.4 billion.

Encl 2