



Tennessee Valley Authority, 1101 Market Street, Chattanooga, Tennessee 37402-2801

March 25, 1999

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555

Gentlemen:

In the Matter of)	Docket Nos. 50-259	50-327
Tennessee Valley Authority)	50-260	50-328
		50-296	50-390

TVA - DECOMMISSIONING FUNDING STATUS REPORT - BROWNS FERRY (BFN), SEQUOYAH (SQN), AND WATTS BAR (WBN) NUCLEAR PLANTS

Pursuant to the requirements of 10 CFR 50.75(f)(1), TVA is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor it owns. This report addresses the decommissioning funding status for BFN Units 1, 2, and 3; SQN Units 1 and 2; and WBN Unit 1. The reporting requirements and corresponding TVA information are provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).

Decommissioning cost estimates were calculated pursuant to the formulas in 10 CFR 50.75(c). Burial cost adjustment factors were taken from NUREG-1307 R8 for the "waste vendor" option. Bureau of Labor Statistics and Energy indices were taken from the web sites referenced by the NUREG at the end of the calendar year. The estimates in current dollars are as follows:

		Decommissioning Cost Estimates (1998 End-of-Year Dollars, Millions)	
Plant	Units	Cost Per Unit	Total Plant Cost
Browns Ferry	3	372	1116
Sequoyah	2	292	584
Watts Bar	1	292	292

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2. The amount accumulated in the TVA Decommissioning Fund at the end of the calendar year 1998 for items included in 10 CFR 50.75 (b) and (c).

		Decommissioning Trust Fund (1998 End-of-Year Dollars, Millions)
Plant	Units	Balance Per Plant
Browns Ferry	3	437
Sequoyah	2	205
Watts Bar	1	52

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).

TVA calculates that no additional funds need to be collected (contributed) assuming the current fund earns a projected annual real rate of return of 5% through the projected decommissioning periods. See, also, the response to item 4 below.

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.

- The assumed escalation in decommissioning costs is 4%.
- TVA assumed a projected annual real rate of return on decommissioning funds of 5%, as authorized by the TVA Board of Directors, TVA's rate-making authority.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

None.

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report.

Prior to the recent revisions to the decommissioning financial assurance rule (published at 63 *Fed. Reg.* 50465, September 22, 1998), TVA was considered a federal licensee and thus entitled to rely on statements of intent to obtain decommissioning funds when necessary. The recent revisions amending the definition of federal licensee precluded TVA from relying on statements of intent as a decommissioning funding mechanism for its power reactors. However, in June 1996 TVA had established external decommissioning trust arrangements which qualify as external sinking funds under 10 CFR 50.75(e)(1)(ii). Copies of TVA's Master Decommissioning Trust Agreements were provided to the NRC by letter dated December 21, 1998.

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7. Any material changes to trust agreements

No material changes have been made to the Master Decommissioning Trust Agreements provided to the NRC on December 21, 1998.

If you have any questions regarding this response, please contact Ralph Shell at (423) 751-3407.

Sincerely,



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Manager
Nuclear Licensing

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NRC Resident Inspector
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