

November 26, 2008

Mr. William R. Campbell, Jr.
Chief Nuclear Officer and
Executive Vice President
Tennessee Valley Authority
6A Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

SUBJECT: BROWNS FERRY NUCLEAR PLANT, UNIT NOS. 1, 2, AND 3
DECOMMISSIONING FUNDING STATUS REPORT
(TAC NOS. MD9356, MD9357 AND MD9358)

Dear Mr. Campbell:

By letter dated January 18, 2008 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML080180440) Tennessee Valley Authority (TVA) responded to the Nuclear Regulatory Commission (NRC) staff's request for additional information dated December 20, 2007 (ADAMS Accession No. ML073093380), regarding the 2006 biennial decommissioning funding status report. Title 10 of the *Code of Federal Regulations* (10 CFR), section 50.75(f)(1), requires all nuclear reactor licensees to submit decommissioning funding status reports every 2 years.

In the January 18, 2008 letter, TVA stated that it had established a Master Decommissioning Trust Agreement that provides radiological decommissioning funds for each of TVA's six licensed operating nuclear units. TVA stated that there are six separate funds. Although the NRC allows, subject to the establishment of specific accounting, the commingling of radiological decommissioning funds with other funds in a trust fund (which TVA stated is not the case here), the NRC's rules requiring the establishment of decommissioning funding assurance apply to individual units, and thus, the licensee for each individual nuclear reactor unit using a trust fund must treat that trust fund as a separate and distinct financial assurance mechanism for that unit.

According to TVA's letter, TVA did not withdraw or otherwise receive a disbursement of funds. Although TVA established separate funds for each of TVA's six licensed operating nuclear units, TVA reallocated amounts from Browns Ferry, Unit Nos. 1, 2, and 3 (Browns Ferry) to Sequoyah, Unit Nos. 1 and 2, and Watts Bar, Unit No. 1. TVA's reallocation of amounts from the Browns Ferry funds decreased the decommissioning funding level for the Browns Ferry units. The reallocation could be deemed an effective disbursement as that term is used in 10 CFR 50.75(h). However, regardless of the reallocation, the NRC's review of the 2006 biennial decommissioning funding status report shows that TVA meets the NRC's requirements for decommissioning funding assurance for all of its units.

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Since TVA has appropriately established six different decommissioning funds, TVA should not transfer amounts from one unit's fund to another without prior written notice to the NRC. In addition, if TVA needs to increase the decommissioning fund of a unit in the future, that unit's fund may not obtain the funds by transferring funds from another facility's trust fund.

Based on the response in the January 18, 2008 letter, no further action is requested of you at this time and TAC Nos. MD9356, MD9357 and MD9358 will be closed.

Sincerely,

/RA/

Eva A. Brown. Senior Project Manager
Plant Licensing Branch II-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-259, 50-260, and 50-296

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