



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

June 18, 2009

Mr. Preston D. Swafford
Chief Nuclear Officer and
Executive Vice President
Tennessee Valley Authority
3R Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

SUBJECT: TENNESSEE VALLEY AUTHORITY'S STATUS OF DECOMMISSIONING FUNDING
ASSURANCE FOR SEQUOYAH NUCLEAR PLANT, UNIT 1 (TAC NO. ME0571)

Dear Mr. Swafford:

On March 31, 2009, the Nuclear Regulatory Commission (NRC) received Tennessee Valley Authority's (TVA's, the licensee's) biennial decommissioning funding report (Agencywide Documents Access and Management System Accession No. ML090920215) for Sequoyah Nuclear Plant, Unit 1 (SQN Unit 1).

Based on our internal review, the NRC staff believes there is a projected shortfall of decommissioning funding assurance for SQN Unit 1 at the time permanent termination of operations is expected. Although a shortfall in decommissioning funding assurance does not affect safe operations, adequate decommissioning funding assurance is important to ensure a plant will eventually be decommissioned safely.

The NRC staff will conduct a telephone conference with TVA within ten working days of the date of this letter to discuss the staff's calculations and methodology. The intent of the call will be to establish a mutual understanding and framework such that you will be able to develop a plan to resolve any projected decommissioning funding assurance shortfall.

If TVA is determined to have a projected shortfall, it will need to submit a plan by a date to be established at the close of the telephone conference. The plan would describe how and when the licensee intends to make adjustments to its trust fund balances and/or schedule of future collections, or make other adjustments or changes with respect to financial assurance mechanisms, such that it will be on track to meet the minimum amount of financial assurance required by the NRC regulations.

Paperwork Reduction Act Statement

This letter does not contain any new or amended information collection requirements subject to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.). Existing collection requirements under 10 CFR Part 50 were approved by the Office of Management and Budget (OMB), control number 3150-0011, which expires June 30, 2010.

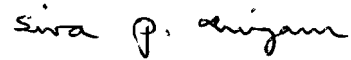
P. Swafford

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Public Protection Notification

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Sincerely,

A handwritten signature in black ink that reads "Siva P. Lingam". The signature is written in a cursive style with a loop for the letter 'P'.

Siva P. Lingam, Project Manager
Plant Licensing Branch II-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-327

cc: Distribution via Listserv

P. Swafford

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Sincerely,

/RA/

Siva P. Lingam, Project Manager
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