



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

July 14, 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: BROWNS FERRY NUCLEAR PLANT, UNITS 1, 2, AND 3; SEQUOYAH NUCLEAR PLANT, UNITS 1 AND 2; WATTS BAR PLANT, UNIT 1 - SUMMARY OF CONFERENCE CALLS WITH THE TENNESSEE VALLEY AUTHORITY REGARDING DECOMMISSION FUNDING ASSURANCE (TAC NOS. ME0491, ME0492, ME0493, ME0571, ME0572, AND ME0587)**

Dear Mr. Swafford:

In a letter dated March 31, 2009, the Tennessee Valley Authority (TVA, the licensee) submitted a report on the status of the decommissioning funding for its six operating nuclear units. On June 5, 9, and 30, 2009, the Nuclear Regulatory Commission (NRC) staff held conference calls with representatives of the licensee. The purpose of the June 5 call was to notify the licensee of pending correspondence identifying an apparent shortfall in the decommissioning funding for the TVA nuclear plants. The June 9 and 30 calls were to clarify the amount of the decommissioning funding assurance shortfall calculated by the NRC staff for the subject units, to clarify the methodology used by the NRC staff to determine decommissioning funding assurance levels, and to establish a schedule for the submittal of a plan to address the shortfall. A list of participants is provided as Enclosure 1. A summary of the calls is included in Enclosure 2.

The licensee agreed to submit its plan on or before July 31, 2009, in accordance with the provisions of Title 10, *Code of Federal Regulations*, Section 50.4. The licensee indicated that its plan might not contain sufficient detailed numerical information to permit the staff to evaluate its plan, so a commitment was made to provide the remaining information no later than September 4, 2009. The submittals should include the final agreed-upon values for the required minimum amount, projected total amount of decommissioning funding assurance, and the potential shortfall as of December 31, 2008.

P. Swafford

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Should you have any additional questions, please feel free to contact me at 301-415-2351.

Sincerely,

*/RA/*

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

Docket Nos. 50-259, 50-260, 50-296  
50-327, 50-328, and 50-390

Enclosures:

1. List of Participants
2. Summary of Calls

cc w/encls: Distribution via Listserv

LIST OF PARTICIPANTS  
CONFERENCE CALLS WITH TENNESSEE VALLEY AUTHORITY  
DECOMMISSION FUNDING ASSURANCE

June 5, 2009

NRC

Michael Dusaniwskyj  
Anneliese Simmons  
Thomas Fredrichs  
Eva Brown

TVA

Michael Purcell  
Leslie Bazzon  
Bill Horin  
Eric Davis

Fred Mashburn  
John Hoskins

June 9, 2009

NRC

Michael Dusaniwskyj  
John Lamb  
Thomas Fredrichs  
Aaron Szabo

Eva Brown  
Anneliese Simmons  
Tom Boyce

TVA

Michael Purcell  
Leslie Bazzon  
Bill Horin  
Eric Davis  
Larry Nicholson

Fred Mashburn  
John Hoskins  
Ed Vigilucci  
Joann Simpson

June 30, 2009

NRC

Michael Dusaniwskyj  
Thomas Fredrichs  
Aaron Szabo  
Susan Uttal  
Christopher Gratton

Eva Brown  
Anneliese Simmons  
Theodore Quay  
Robert Carlson  
Beth Mizuno

TVA

Michael Purcell  
Leslie Bazzon  
Bill Horin  
Eric Davis

Fred Mashburn  
John Hoskins  
Ed Vigilucci  
Joann Simpson



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July 14, 2009

LICENSEE: Tennessee Valley Authority

FACILITIES: Browns Ferry Nuclear Plant, Units 1, 2, and 3, Sequoyah Units 1 and 2, and Watts Bar Unit 1

SUBJECT: SUMMARY OF CONFERENCE CALLS WITH THE TENNESSEE VALLEY AUTHORITY REGARDING DECOMMISSION FUNDING ASSURANCE (TAC NOS. ME0491, ME0492, ME0493, ME0571, ME0572, AND ME0587)

On June 5, 9, and 30, 2009, the Nuclear Regulatory Commission (NRC) staff held conference calls with representatives of The Tennessee Valley Authority (TVA, the licensee). The purpose of the June 5 call was to notify the licensee of pending correspondence identifying an apparent shortfall in the decommissioning funding for the TVA nuclear plants. The June 9 and 30 calls were to clarify the amount of the decommissioning funding assurance shortfall calculated by the NRC staff for Browns Ferry Nuclear Plant, Units 1, 2, and 3; Sequoyah Nuclear Plant, Units 1 and 2; and Watts Bar Plant, Unit 1; to clarify the methodology used by the NRC staff to determine decommissioning funding assurance levels, and to establish a schedule for the submittal of a plan to address the shortfall.

During the June 5 conference call, the NRC staff provided the results of the review that identified a shortfall for each of the TVA nuclear units. The licensee concurred that a shortfall existed, but indicated that the numbers provided did not appear to be consistent with their projections. The NRC staff indicated that when the proposed letter was issued, TVA would be expected to provide a plan to address the projected shortfall. The licensee questioned various assumptions used to calculate the shortfalls during the call. During the June 9 conference call, the licensee provided a spreadsheet that calculated the decommissioning trust fund balance until 7 years after the expiration of each nuclear unit's license. It was determined that the major reason for the difference between the NRC and TVA's numbers was due to the TVA staff basing the Decommissioning Trust Fund shortfall on the current value of the shortfall versus projecting the shortfall based on the year the operating license expired. The NRC staff also noted other areas in the licensee's calculations that differed in approach from NRC staff's, such as credit for an additional year, and a different approach to the credit that can be applied after decommissioning commences, but these differences did not result in substantially different shortfall amounts.

During the June 30 conference call, the NRC staff described for each nuclear unit its calculation of the minimum amount of financial assurance required by Title 10 of the *Code of Federal Regulations*, Sections 50.75(c)(1) and (2). The NRC staff once again identified the amount credited to the licensee's decommissioning funding assurance total due to contributions, if any, and earnings on its decommissioning trust fund balance. The difference between the minimum

Enclosure 2

required amount and the total amount of decommissioning funding assurance provided, including earnings and contributions, as of December 31, 2008, was identified as a potential shortfall if no adjustments are made by the licensee.

For each unit, the licensee agreed that the amounts described by the NRC staff reflected the licensee's decommissioning funding assurance status as of December 31, 2008. The licensee reiterated concerns discussed with the NRC staff on June 9, including the credit for an additional year, and a different approach to the credit that can be applied during the 7 years after decommissioning commences. The NRC staff indicated that the proposals would be considered and recommended that they include these proposals and others for NRC staff review in their plan.

It was determined that the plan should be provided no later than July 31, 2009. The licensee indicated a problem with being able to provide the specifics in their plan given that approval is needed from the TVA Board of Directors, which will not meet until August 20, 2009. The NRC staff indicated that by July 31, 2009, TVA should provide as much information regarding the path being proposed as possible. The licensee indicated that they would include a commitment to provide the specifics once the TVA Board of Directors had approved a means for rate relief. The licensee indicated that they expected to be able to provide the additional information by September 4, 2009.

P. Swafford

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Should you have any additional questions, please feel free to contact me at 301-415-2351.

Sincerely

*/RA/*

Eva A. Brown, Senior Project Manager  
Plant Licensing Branch III-2  
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NAME	SLingam	JLamb	LRaghavan	
DATE	7/10/09	7/10/09	07/13/09	

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