



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

September 4, 2009

10 CFR 50.4

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, D.C. 20555-0001

Browns Ferry Nuclear Plant, Units 1, 2, and 3  
Facility Operating License Nos. DPR-33, DPR-52, and DPR-68  
NRC Docket Nos. 50-259, 50-260, and 50-296

Sequoyah Nuclear Plant, Units 1 and 2  
Facility Operating License Nos. DPR-77 and DPR-79  
NRC Docket Nos. 50-327 and 50-328

Watts Bar Nuclear Plant, Unit 1  
Facility Operating License No. NPF-90  
NRC Docket No. 50-390

**Subject: Decommissioning Funding Assurance**

**References:** Letter from TVA to the NRC dated July 30, 2009, "Decommissioning Funding Assurance"

The referenced letter from the Tennessee Valley Authority (TVA) described several letters and teleconference exchanges between TVA and the NRC which addressed decommissioning funding levels for TVA's operating nuclear units. The enclosure to the referenced letter also provided tables addressing decommissioning funding levels and obligations, including the difference between the NRC minimum required amount and the projected total amount of funding assurance for each of TVA's licensed units.

In the referenced letter, TVA indicated that a plan including one or more of the funding methods described in regulations would be presented to the TVA Board and that the Board's next meeting was scheduled for August 20, 2009. The letter concluded by indicating that TVA expected that it would be able to inform the NRC of the details of the TVA Board-approved plan to address decommissioning funding assurance by September 4, 2009. The purpose of this letter is to provide NRC with details of the plan.

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The enclosed table describes an external sinking fund approach that provides decommissioning funding assurance for each nuclear unit at the end of its respective term of licensed operation. A fund balance is projected for each remaining year of unit operation. This approach uses the decommissioning cost estimates, funding levels, and assumptions regarding the real rate of return described in the tables provided as an enclosure to TVA's July 30, 2009, letter. In accordance with NRC regulations, TVA will annually review the minimum amount to be provided for decommissioning funding assurance. As a result of that annual review, TVA will update the projected fund balances as appropriate.

TVA plans to meet or exceed the projected annual fund balances for each unit as reflected in the table. As necessary, TVA will make contributions to the funds for each unit, or apply another method or combination of methods of funding assurance consistent with NRC regulations and guidance (NRC Regulatory Guide 1.159, Revision 1).

This letter contains no regulatory commitments. Please direct any questions concerning this matter to Fred Mashburn at (423) 751-8817.

Respectfully,



R. M. Krich  
Vice President  
Nuclear Licensing

Enclosure

cc: Regional Administrator - NRC Region II  
Senior Resident Inspector - Browns Ferry  
Senior Resident Inspector - Sequoyah  
Senior Resident Inspector - Watts Bar

**Enclosure**  
**Projected Decommissioning Funding Levels for TVA Operating Units**

Real Return 5.0% Year	BFN1 12-20-2033			BFN2 6-28-2034			BFN3 7-2-2036			SQN1 9-17-2020			SQN2 9-16-2021			WBN1 11-9-2035		
	Annual Disbursement	Annual Funding Assurance	Projected Fund Assets	Annual Disbursement	Annual Funding Assurance	Projected Fund Balance	Annual Disbursement	Annual Funding Assurance	Projected Fund Balance	Annual Disbursement	Annual Funding Assurance	Projected Fund Balance	Annual Disbursement	Annual Funding Assurance	Projected Fund Balance	Annual Disbursement	Annual Funding Assurance	Projected Fund Balance
2008			\$107.4			\$102.7			\$92.5			\$148.1			\$140.9			\$68.9
2009		\$2.0	\$114.8		\$2.1	\$109.9		\$1.9	\$99.0		\$4.5	\$160.0		\$4.0	\$152.0		\$1.4	\$73.8
2010		\$2.0	\$122.6		\$2.1	\$117.5		\$1.9	\$105.8		\$4.5	\$172.5		\$4.0	\$163.7		\$1.4	\$78.9
2011		\$2.0	\$130.8		\$2.1	\$125.5		\$1.9	\$113.0		\$4.5	\$185.6		\$4.0	\$175.9		\$1.4	\$84.2
2012		\$2.0	\$139.4		\$2.1	\$133.8		\$1.9	\$120.5		\$4.5	\$199.3		\$4.0	\$188.7		\$1.4	\$89.9
2013		\$2.0	\$148.4		\$2.1	\$142.6		\$1.9	\$128.4		\$4.5	\$213.7		\$4.0	\$202.2		\$1.4	\$95.8
2014		\$2.0	\$157.8		\$2.1	\$151.8		\$1.9	\$136.6		\$4.5	\$228.9		\$4.0	\$216.3		\$1.4	\$102.0
2015		\$2.0	\$167.8		\$2.1	\$161.5		\$1.9	\$145.3		\$4.5	\$244.8		\$4.0	\$231.1		\$1.4	\$108.5
2016		\$2.0	\$178.2		\$2.1	\$171.7		\$1.9	\$154.5		\$4.5	\$261.5		\$4.0	\$246.7		\$1.4	\$115.3
2017		\$2.0	\$189.1		\$2.1	\$182.4		\$1.9	\$164.1		\$4.5	\$279.0		\$4.0	\$263.1		\$1.4	\$122.5
2018		\$2.0	\$200.6		\$2.1	\$193.6		\$1.9	\$174.1		\$4.5	\$297.4		\$4.0	\$280.3		\$1.4	\$130.1
2019		\$2.0	\$212.7		\$2.1	\$205.3		\$1.9	\$184.7		\$4.5	\$316.8		\$4.0	\$298.3		\$1.4	\$138.0
2020		\$2.0	\$225.4		\$2.1	\$217.7		\$1.9	\$195.8	Fractional Yr.	\$4.5	\$332.5		\$4.0	\$317.3		\$1.4	\$146.3
2021		\$2.0	\$238.7		\$2.1	\$230.6		\$1.9	\$207.5				Fractional Yr.	\$4.0	\$332.5		\$1.4	\$155.0
2022		\$2.0	\$252.7		\$2.1	\$244.3		\$1.9	\$219.7	Additional 3.5 yrs. Earnings Credit			Additional 3.5 yrs. Earnings Credit				\$1.4	\$164.2
2023		\$2.0	\$267.3		\$2.1	\$258.6		\$1.9	\$232.6	\$400.2			\$400.2				\$1.4	\$173.8
2024		\$2.0	\$282.8		\$2.1	\$273.6		\$1.9	\$246.1	\$400.2			\$400.2				\$1.4	\$184.0
2025		\$2.0	\$298.9		\$2.1	\$289.3		\$1.9	\$260.2								\$1.4	\$194.6
2026		\$2.0	\$315.9		\$2.1	\$305.9		\$1.9	\$275.1								\$1.4	\$205.7
2027		\$2.0	\$333.7		\$2.1	\$323.3		\$1.9	\$290.7								\$1.4	\$217.4
2028		\$2.0	\$352.5		\$2.1	\$341.5		\$1.9	\$307.1								\$1.4	\$229.7
2029		\$2.0	\$372.1		\$2.1	\$360.7		\$1.9	\$324.4								\$1.4	\$242.6
2030		\$2.0	\$392.8		\$2.1	\$380.8		\$1.9	\$342.5								\$1.4	\$256.2
2031		\$2.0	\$414.5		\$2.1	\$401.9		\$1.9	\$361.4								\$1.4	\$270.4
2032		\$2.0	\$437.2		\$2.1	\$424.1		\$1.9	\$381.4								\$1.4	\$285.3
2033	Fractional Yr.	\$2.0	\$460.5		\$2.1	\$447.4		\$1.9	\$402.3								\$1.4	\$301.0
2034				Fractional Yr.	\$2.1	\$460.5		\$1.9	\$424.3								\$1.4	\$317.5
2035	Additional 3.5 yrs. Earnings Credit			Additional 3.5 yrs. Earnings Credit			Additional 3.5 yrs. Earnings Credit			Additional 3.5 yrs. Earnings Credit			Additional 3.5 yrs. Earnings Credit			Additional 3.5 yrs. Earnings Credit		
2036	\$93.7			\$93.7			\$93.7			\$93.7			\$93.7			\$93.7		
2037	\$554.2		\$554.2	\$554.2		\$554.2	\$554.2		\$554.2	\$400.2		\$400.2	\$400.2		\$400.2	\$400.2		\$400.2
2038																		
2039																		
2040																		
2041																		
Total	\$554.2			\$554.2			\$554.2			\$400.2			\$400.2			\$400.2		

\$ Units in Millions