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Nuclear Licensing Director

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March 29, 2011

Docket Nos.: 50-348
50-364

NL-11-0450

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

Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning
Nuclear Power Reactors (10 CFR 50.75(f)(1))

Ladies and Gentlemen:

Pursuant to 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC the status of its decommissioning funding for each reactor or part of each reactor it owns on a calendar year basis, beginning on March 31, 1999, and every two years thereafter. Southern Nuclear Operating Company (Southern Nuclear) holds operating licenses NPF-2 and NPF-8 for the Joseph M. Farley Nuclear Plant owned by Alabama Power Company. Accordingly, Southern Nuclear provides the enclosed Alabama Power Company submittal in accordance with the requirements of 10 CFR 50.75(f)(1).

This letter contains no NRC commitments. If you have any questions, please advise.

Sincerely,

A handwritten signature in black ink that reads "Mark J. Ajluni". The signature is written in a cursive, flowing style.

M. J. Ajluni
Nuclear Licensing Director

MJA/LWW/lac

Enclosure: Alabama Power Company Letter Response

U. S. Nuclear Regulatory Commission

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cc: Alabama Power Company

Ms. A. Allcorn-Walker, Executive Vice President, Comptroller

Mr. C. Blake, Assistant Treasurer and Manager – Treasury/Finance

Southern Nuclear Operating Company

Mr. J. T. Gasser, Executive Vice President

Mr. L. M. Stinson, Vice President – Farley

Ms. P. M. Marino, Vice President – Engineering

RTYPE: CFA04.054

U. S. Nuclear Regulatory Commission

Mr. V.M. McCree, Regional Administrator

Mr. R. E. Martin, NRR Project Manager – Farley

Mr. E. L. Crowe, Senior Resident Inspector – Farley

**Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning
Nuclear Power Reactors (10 CFR 50.75(f)(1))**

Enclosure

Alabama Power Company Response

Chris Blake, CPA, CMA
Assistant Treasurer
Treasury Services

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March 3, 2011

Docket Nos.: 50-348
50-364

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

Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning
Nuclear Power Reactors (10 CFR 50.75(f)(1))

Dear Ladies and Gentlemen:

Pursuant to 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC the status of its decommissioning funding for each reactor or part of each reactor it owns on a calendar year basis, beginning on March 31, 1999, and every two years thereafter. Alabama Power Company (APC) hereby submits the enclosed information in accordance with 10CFR 50.75(f)(1) for operating licenses NPF-2 and NPF-8 issued for Joseph M. Farley Nuclear Plant Unit 1 and 2, respectively. Southern Nuclear Operating Company, as the operating licensee and as an agent for the owner of Farley Nuclear Plant, is providing this information to the NRC on behalf of APC.

Based on the information presented herein, there is reasonable assurance that the funding necessary for decommissioning the Farley Nuclear Plant, consistent with the NRC prescribed minimum set forth in 10 CFR 50.75(c), will be available on the expiration date of the operating licenses NPF-2 and NPF-8.

Please advise if you have any questions or comments regarding the information provided herein.

Respectfully submitted,

ALABAMA POWER COMPANY, by,

Chris Blake

CRB:kph

Enclosure

Enclosure
Alabama Power Company
Ownership Percentage – 100%

	10 CFR 50.75(f)(1) Requirement	Unit 1	Unit 2
1	The NRC minimum decommissioning estimate, pursuant to 10 CFR 50.75(b) and (c). ¹	\$ 435,256,000 ²	\$ 435,256,000 ²
2	The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c).	\$281,923,125	\$269,782,967
3	A schedule of the annual amounts remaining to be collected; for items in 10 CFR 50.75(b) and (c).	See Schedule in Attachment 1	See Schedule in Attachment 1
4	The assumptions used regarding: (a) rates of escalation in decommissioning costs; (b) rates of earnings on decommissioning funds; (c) real rate of return; and (d) rates of other factors used in funding projections.	4.5% 7.0% 2.5% N/A	4.5% 7.0% 2.5% N/A
5	Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).	N/A	N/A
6	Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.	No modifications External Sinking Fund "Cost of Service" Rate Making	
7	Any material changes to trust agreements.	See Attachment 3	

NOTES:

¹ The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on-site until transfer to DOE are not included in the cost formulas.

² This number is based on NUREG-1307, Rev. 14, for the burial factor (Option 2) and the December 2009 values for labor and energy factors.

Attachment 1
Schedule of the Annual Amounts Remaining to be Collected

Alabama Power Company
Farley Nuclear Plant Unit 1

Year	Beginning Fund Balance	Fund Earnings	Fund Contributions	Ending Fund Balance	Minimum Decommissioning Fund Estimate
2009					435,256,000
2010				281,923,125	454,842,520
2011	281,923,125	19,734,619	464,149	302,121,892	475,310,433
2012	302,121,892	21,148,532	464,149	323,734,574	496,699,403
2013	323,734,574	22,661,420	464,149	346,860,143	519,050,876
2014	346,860,143	24,280,210	464,149	371,604,502	542,408,165
2015	371,604,502	26,012,315	464,149	398,080,966	566,816,533
2016	398,080,966	27,865,668	464,149	426,410,783	592,323,277
2017	426,410,783	29,848,755	464,149	456,723,687	618,977,824
2018	456,723,687	31,970,658	464,149	489,158,494	646,831,826
2019	489,158,494	34,241,095	464,149	523,863,737	675,939,259
2020	523,863,737	36,670,462	464,149	560,998,348	706,356,525
2021	560,998,348	39,269,884	464,149	600,732,381	738,142,569
2022	600,732,381	42,051,267	464,149	643,247,797	771,358,985
2023	643,247,797	45,027,346	464,149	688,739,292	806,070,139
2024	688,739,292	48,211,750	464,149	737,415,191	842,343,295
2025	737,415,191	51,619,063	464,149	789,498,404	880,248,743
2026	789,498,404	55,264,888	464,149	845,227,441	919,859,937
2027	845,227,441	59,165,921	464,149	904,857,511	961,253,634
2028	904,857,511	63,340,026	464,149	968,661,685	1,004,510,047
2029	968,661,685	67,806,318	464,149	1,036,932,152	1,049,713,000
2030	1,036,932,152	72,585,251	464,149	1,109,981,552	1,096,950,085
2031	1,109,981,552	77,698,709	464,149	1,188,144,410	1,146,312,838
2032	1,188,144,410	83,170,109	464,149	1,271,778,667	1,197,896,916
2033	1,271,778,667	89,024,507	464,149	1,361,267,323	1,251,802,277
2034	1,361,267,323	95,288,713	464,149	1,457,020,185	1,308,133,380
2035	1,457,020,185	101,991,413	464,149	1,559,475,747	1,366,999,382
2036	1,559,475,747	109,163,302	464,149	1,669,103,198	1,428,514,354
2037	1,669,103,198	116,837,224	464,149	1,786,404,571	1,492,797,500

Attachment 2

Schedule of the Annual Amounts Remaining to be Collected

Alabama Power Company

Farley Nuclear Plant Unit 2

Year	Beginning Fund Balance	Fund Earnings	Fund Contributions	Ending Fund Balance	Minimum Decommissioning Fund Estimate
2009					435,256,000
2010				269,782,967	454,842,520
2011	269,782,967	18,884,808	402,004	289,069,778	475,310,433
2012	289,069,778	20,234,884	402,004	309,706,667	496,699,403
2013	309,706,667	21,679,467	402,004	331,788,138	519,050,876
2014	331,788,138	23,225,170	402,004	355,415,311	542,408,165
2015	355,415,311	24,879,072	402,004	380,696,387	566,816,533
2016	380,696,387	26,648,747	402,004	407,747,138	592,323,277
2017	407,747,138	28,542,300	402,004	436,691,442	618,977,824
2018	436,691,442	30,568,401	402,004	467,661,847	646,831,826
2019	467,661,847	32,736,329	402,004	500,800,180	675,939,259
2020	500,800,180	35,056,013	402,004	536,258,196	706,356,525
2021	536,258,196	37,538,074	402,004	574,198,274	738,142,569
2022	574,198,274	40,193,879	402,004	614,794,157	771,358,985
2023	614,794,157	43,035,591	402,004	658,231,752	806,070,139
2024	658,231,752	46,076,223	402,004	704,709,979	842,343,295
2025	704,709,979	49,329,699	402,004	754,441,682	880,248,743
2026	754,441,682	52,810,918	402,004	807,654,603	919,859,937
2027	807,654,603	56,535,822	402,004	864,592,430	961,253,634
2028	864,592,430	60,521,470	402,004	925,515,904	1,004,510,047
2029	925,515,904	64,786,113	402,004	990,704,021	1,049,713,000
2030	990,704,021	69,349,281	402,004	1,060,455,306	1,096,950,085
2031	1,060,455,306	74,231,871	402,004	1,135,089,182	1,146,312,838
2032	1,135,089,182	79,456,243	402,004	1,214,947,429	1,197,896,916
2033	1,214,947,429	85,046,320	402,004	1,300,395,753	1,251,802,277
2034	1,300,395,753	91,027,703	402,004	1,391,825,459	1,308,133,380
2035	1,391,825,459	97,427,782	402,004	1,489,655,245	1,366,999,382
2036	1,489,655,245	104,275,867	402,004	1,594,333,117	1,428,514,354
2037	1,594,333,117	111,603,318	402,004	1,706,338,439	1,492,797,500
2038	1,706,338,439	119,443,691	402,004	1,826,184,133	1,559,973,388
2039	1,826,184,133	127,832,889	402,004	1,954,419,027	1,630,172,190
2040	1,954,419,027	136,809,332	402,004	2,091,630,363	1,703,529,939
2041	2,091,630,363	146,414,125	402,004	2,238,446,492	1,780,188,786

Attachment 3
Material Changes to Trust Agreement

December 2010	Executed Investment Management Agreement with Goldman Sachs, Fisher Investments, and Northern Trust in the Small/Mid Asset Class for the Qualified Master Nuclear Decommissioning Trust.
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