



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

May 24, 2011

Mr. Rodney M. Krich
Vice President, Nuclear Licensing
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, AND WATTS BAR NUCLEAR PLANT, UNIT 1 – REQUEST FOR ADDITIONAL INFORMATION REGARDING DECOMMISSIONING FUNDING STATUS REPORT (TAC NOS. ME5455, ME5456, ME5457 (BROWNS FERRY), ME5535, ME5536 (SEQUOYAH), AND ME5551 (WATTS BAR 1))

Dear Mr. Krich:

By letter dated March 31, 2011, you submitted a decommissioning funding status report for the above-subject nuclear power plants in accordance with the requirements of paragraph (f)(1) of Title 10 of the *Code of Federal Regulations*, Section 50.75, "Reporting and recordkeeping for decommissioning planning."

The Nuclear Regulatory Commission staff is reviewing the submittal and has determined that additional information is required to complete its evaluation. This request was discussed with Mr. Dan Green of your staff on May 3, 2011, and it was agreed that a response would be provided within 30 days from the date of this letter.

If you have any questions, please contact me at 301-415-1564.

Sincerely,

A handwritten signature in black ink that reads "Siva P. Lingam".

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

Docket Nos. 50-259, 50-260, 50-296,
50-327, 50-328, and 50-391

Enclosure: Request for Additional Information

cc w/encl: Distribution via ListServ

REQUEST FOR ADDITIONAL INFORMATION (RAI)
REGARDING DECOMMISSIONING FUNDING STATUS REPORT
BROWNS FERRY NUCLEAR PLANT, UNITS 1, 2, AND 3
SEQUOYAH NUCLEAR PLANT, UNITS 1 AND 2
WATTS BAR NUCLEAR PLANT, UNIT 1
DOCKET NOS. 50-259, 50-260, AND 50-296
DOCKET NOS. 50-327 AND 50-328
DOCKET NO. 50-390

On March 31, 2011 (Agencywide Documents Access and Management System Accession No. ML110960073), Tennessee Valley Authority (TVA) submitted to the Nuclear Regulatory Commission (NRC) a decommissioning funding status (DFS) report for Browns Ferry Nuclear Plant (BFN), Units 1, 2, and 3, Sequoyah Nuclear Plant, Units 1 and 2, and Watts Bar Nuclear Plant, Unit 1 as required under paragraph (f)(1) of Title 10 of the *Code of Federal Regulations*, Section 50.75 (10 CFR 50.75(f)(1)). For our further evaluation, we need the following additional information:

RAI #1 - Identify Actual Funds as of December 31, 2010 (BFN, Units 1 and 2):

Provide the actual amount of decommissioning funds accumulated for BFN, Units 1 and 2, rounded to the nearest dollar, which must reflect the fund balance as of December 31, 2010.

In its March 31, 2011, letter, TVA provided the actual amount accumulated for NRC decommissioning activities as of December 31, 2010, in amounts rounded to the nearest hundred thousand dollars. Although rounding dollar figures is acceptable to the NRC in DFS reporting, in this instance, rounding may have resulted in a shortfall in decommissioning funding assurance projections for BFN, Units 1 and 2.

Per 10 CFR 50.75(f)(1), the licensee must identify "the amount accumulated to the end of the calendar year preceding the date of the report." This actual amount is dedicated for NRC decommissioning activities as defined in 10 CFR 50.2.

RAI #2 - Citation for real rate of returns (BFN, Units 1, 2 and 3, SQN, Units 1 and 2, and WBN, Unit 1):

Provide the citation (e.g., an Order by the rate-regulatory authority) by the regulatory entity that allows for the assumptions used regarding rates of escalation in decommissioning costs, rate of earnings on decommissioning funds and rates of other factors assumed in your DFS report.

Enclosure

In its March 31, 2011, letter, TVA reported the following:

- 4 percent rate of escalation in decommissioning costs, and
- 5 percent real rate of return on decommissioning funds.

As stated in 10 CFR 50.75(f)(1),

The information in this [DFS] report must include, at a minimum the amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c); the amount accumulated to the end of the calendar year preceding the date of the report; a schedule of the annual amounts remaining to be collected; the assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections;

RAI #3 - Amounts accumulated (BFN, Units 1, 2 and 3, SQN, Units 1 and 2, and WBN, Unit 1):

Provide the after-tax amount of funds accumulated through December 31, 2010.

In its March 31, 2011, letter, TVA did not state if the amount of decommissioning funds accumulated was an after-tax amount.

The provisions of 10 CFR 50.75(f)(1) and (2) require the licensee to report the amount of funds accumulated to the end of the calendar year preceding the report.

RAI #4 - Annual amounts deposited (BFN, Units 1, 2 and 3, SQN, Units 1 and 2, and WBN, Unit 1):

Provide the annual amount deposited in your trust fund for decommissioning, as defined in 10 CFR 50.2, starting in 2010.

Pursuant to 10 CFR 50.75(e)(2), the NRC reserves the right to review the accumulation of decommissioning funds.

May 24, 2011

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Sincerely,
/RA/

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