

May 1, 2012

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)
)
TENNESSEE VALLEY AUTHORITY) Docket No. 50-391-OL
)
(Watts Bar Nuclear Plant, Unit 2))

NRC STAFF'S MAY 2012 BIMONTHLY REPORT
REGARDING THE SCHEDULE FOR REVIEW OF THE
WATTS BAR NUMBER 2 LICENSE APPLICATION

The Staff of the Nuclear Regulatory Commission (Staff) hereby provides the information requested by the Atomic Safety and Licensing Board (Board) in its May 26, 2010 Scheduling Order (Order). In the Order, the Board instructed the Staff to submit a report on July 2, 2010, to be updated on the first Tuesday of every other month thereafter, updating its estimates of the dates on which the final Environmental Impact Statement (EIS) and the final Safety Evaluation Report (SER) will be issued, and in addition, promptly to inform the Board of any other developments that could potentially impact the schedule for this proceeding.

Previously, the Staff informed the Board that Tennessee Valley Authority (TVA) was working to determine a new estimated completion dates for Watts Bar Unit 2.¹ Subsequently, TVA announced that the estimated completion of Watts Bar Unit 2 is between September and December 2015.²

¹ NRC Staff's March 2012 Bimonthly Report Regarding the Schedule for Review of the Watts Bar Number 2 License Application, at 1 (March 6, 2012).

² TVA News Release, *TVA Board Approves Continued Construction to Complete Watts Bar 2*, (continued. . .)

For its environmental review, the Staff hereby notifies the Board that the Staff now estimates September of 2012, instead of June of 2012, for publication of the final supplement to the environmental review document NUREG-0498, Supplement 2, *Final Environmental Impact Statement Related to the Operation of Watts Bar Nuclear Plant, Unit 2*.

For its safety review, the Staff hereby notifies the Board that the Staff now estimates December of 2013 for publication of its final supplement to NUREG-0847, *Safety Evaluation Report Related to the Operation of Watts Bar Nuclear Plant, Units 1 and 2*, (June 1982). However, the Staff anticipates that additional supplements to NUREG-0847 may be issued during the time period that Watts Bar Unit 2 construction remains uncompleted (i.e. through December of 2015).

Respectfully submitted,

/Signed (electronically) by/

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Encl. TVA News Release

(. . .continued)

(April 26, 2012) (*available* at http://www.tva.com/news/releases/aprjun12/0426_board.htm) (attached).



TVA Board Approves Continued Construction to Complete Watts Bar 2

April 26, 2012

GREENEVILLE, Tenn. – The Tennessee Valley Authority board of directors on Thursday approved continuing with construction of the second generating unit at Watts Bar Nuclear Plant in accordance with a revised estimate, furthering TVA's progress toward its vision to be a leader in providing low-cost, reliable and cleaner energy.

"TVA expects Watts Bar Unit 2 to be among the best operating and most economical nuclear generating facilities of the 21st century," TVA President and CEO Tom Kilgore told the board at its meeting in Greeneville, Tenn. "The safe and quality completion of Watts Bar Unit 2 will help us deliver a balanced mix of energy sources and increase our supply of emission-free electricity."

The revised estimate for completing Watts Bar Unit 2 was announced in early April after TVA put new leadership in place and conducted a seven-month, top-to-bottom analysis of the construction project. The assessment identified corrective actions for project management and a high-confidence cost estimate and milestone schedule. The revised estimate includes additional funding of \$1.5 billion to \$2 billion, bringing the total cost to complete the unit to the range of \$4 billion to \$4.5 billion, with the most likely estimate of \$4.2 billion. Estimated completion is between September and December 2015. Improvements in how the site is managed and work is done are already under way.

"The TVA board has been kept apprised of the review at Watts Bar Unit 2," Chairman Bill Sansom said. "Our concurrence today to complete the facility is not only one of support for nuclear energy as an important part of TVA's balanced energy mix to meet the needs of our seven-state region. It also is an endorsement of the leadership and actions by Tom Kilgore as president and CEO and his team on issues of importance to TVA and to the Tennessee Valley."

Related Materials

- [Nuclear energy fact sheet](#)
- [Watts Bar unit 2 fact sheet](#)
- [Watts Bar unit 2 timeline](#)
- [Dry cask storage fact sheet](#)
- [Integrated Resource Plan fact sheet](#)
- [Tax equivalent payments fact sheet](#)
- [Wholesale rate options](#)
- [TVA Presentations](#)
- [Statement from Chairman Bill Sansom](#)
- [On-demand video of meeting](#)

Chief Financial Officer John Thomas briefed the board on power sales and revenues that continue to be affected by unusually mild weather and a slowly recovering economy. Preliminary figures show that operating revenues were \$5.193 billion for the first six months of the fiscal year, with net income \$347 million below plan. TVA expects to end fiscal year 2012 with revenues between \$500 million and \$600 million below plan, Thomas said. Financial results will not be finalized until early May.

In keeping with its economic development mission, TVA is enhancing the Valley Investment Initiative, an incentive program that rewards industries that commit to locate, stay and invest in the Valley region, Thomas said.

“Beginning in 2009, companies participating in the Valley Investment Initiative have announced five-year plans to invest a total of \$8.2 billion in their operations, keep 55,000 jobs in the region and create another 17,000 jobs. Those jobs represent almost \$16 billion in wages for Valley residents and communities.”

Rob Manning, chief energy delivery officer, briefed the board on TVA’s transmission system, noting that on April 27, 2011, the Southeast was hit by one of the worst outbreaks of tornadoes in a single day in American history. Extraordinary efforts by TVA workers restored almost all power in the service area just one week after the storm.

“Reliable power — knowing you can turn on a light, pump water from a well or start up an assembly line — is what every home and business depends on, and I am proud of the TVA people who keep the lights on,” Manning said.

In other actions, the board:

- Updated the board policy on TVA’s Commitment to Nuclear Safety, which affirms that public health and safety and the protection of employees and the environment are TVA’s paramount considerations; the update reflects recent changes in TVA’s organizational structure.
- Approved a 10-year, \$298 million contract for construction of a dry cask storage facility for used nuclear fuel at Watts Bar Nuclear Plant and additional dry storage capacity at the Sequoyah and Browns Ferry plants. Dry casks can safely and securely store used fuel for many decades.
- Approved new wholesale time-of-use and seasonal rate options for local power companies that want to encourage energy savings during times of peak usage.

- Renewed the two-year charter for the Regional Resource Stewardship Council, a citizen advisory group that provides input to TVA on the operation of its dams and reservoirs, including navigation, flood control, reservoir water quality, cultural resources and wildlife protection, and management of public lands and recreation. Created in 1999, the 20-member panel represents a broad range of diverse views and interests.

The Tennessee Valley Authority, a corporation owned by the U.S. government, provides electricity for business customers and distribution utilities that serve 9 million people in parts of seven southeastern states at prices below the national average. TVA, which receives no taxpayer money and makes no profits, also provides flood control, navigation and land management for the Tennessee River system and assists utilities and state and local governments with economic development.

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing "NRC STAFF'S MAY 2012 BIMONTHLY REPORT REGARDING THE SCHEDULE FOR REVIEW OF THE WATTS BAR NUMBER 2 LICENSE APPLICATION," dated May 1, 2012, has been served upon the following by the Electronic Information Exchange, this 1st day of May, 2012:

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