



Tennessee Valley Authority, Post Office Box 2000, Spring City, Tennessee 37381-2000

January 24, 2013

10 CFR 140.11

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

Watts Bar Nuclear Plant, Unit 2
NRC Docket No. 50-391

Subject: Watts Bar Nuclear Plant Unit 2 - Documentation of Liability Insurance Coverage Requested Per Supplemental Safety Evaluation Report (SSER) Open Item 25

SSER Appendix HH Open Item 25 states that TVA is required to provide satisfactory documentation that TVA has obtained the maximum secondary liability insurance coverage pursuant to 10 CFR 140.11(a)(4) and not less than the amount required by 10 CFR 50.54(w).

The enclosed letter provides the requested Certificate of Insurance for Watts Bar Nuclear Plant Unit 2. The submittal of this letter completes TVA's actions associated with SSER Open Item 25.

There are no new regulatory commitments contained in this letter. If you have any questions, please contact Gordon Arent at (423) 365-2004.

Respectfully,

A handwritten signature in black ink, appearing to read "R.A. Hruby, Jr.", written in a cursive style.

Raymond A. Hruby, Jr.
General Manager, Technical Services
Watts Bar Unit 2

Enclosure:

Letter from E. Visor (Marsh USA Inc.) to I. Dinitz (NRC), "Watts Bar Unit 2: Bond Payment of Retrospective Premium," dated October 3, 2011

M001
NRK

U.S. Nuclear Regulatory Commission
Page 2
January 24, 2013

cc (Enclosure):

U. S. Nuclear Regulatory Commission
Region II
Marquis One Tower
245 Peachtree Center Ave., NE Suite 1200
Atlanta, Georgia 30303-1257

NRC Resident Inspector Unit 2
Watts Bar Nuclear Plant
1260 Nuclear Plant Road
Spring City, Tennessee 37381

Enclosure 1

**Letter from E. Visor (Marsh USA Inc.) to I. Dinitz (NRC),
"Watts Bar Unit 2: Bond Payment of Retrospective Premium,"
dated October 3, 2011**



Eugina A Visor, ARM
Nuclear Client Advisor

Marsh USA Inc.
100 North Tryon Street
Suite 3200
Charlotte, NC 28202
704 374 8241
Eugina.A.Visor@marsh.com
www.marsh.com

Mr. Ira Dinitz
Insurance & Indemnity Policy Analyst
U.S. Nuclear Regulatory Commission
Mail Stop 12E4
Washington, DC 20555

October 03, 2011

Subject: Watts Bar Unit 2: Bond for Payment of Retrospective Premium

Dear Ira,

Enclosed please find the certified copy of the Bond for Payment of Retrospective Premiums for Watts Bar Unit 2 in accordance with 10CFR140.15. Please note that the certificate is worded so that it will not become effective until the effective date of the Nuclear Regulatory Commission's Facility Operating License.

If you have any questions or concerns, please do not hesitate to contact me at (704) 374-8241 or Shannon Moyer at (215) 246-1463.

Sincerely,

A handwritten signature in black ink that reads "Eugina A. Visor".

Eugina A Visor, ARM
Nuclear Client Advisor

Copy:

Vicki Harkleroad, Gordon Arent, William D. Couch, Tim Fischer, and Shannon Moyer

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Certificate No. N -0120

Forming Part of Master

Policy No. 1

CERTIFICATE OF INSURANCE

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Certificate of Insurance

This is to certify that the persons and organizations designated in Item 1 of the Declarations are named insureds under the Master Policy - Nuclear Energy Liability Insurance (Secondary Financial Protection), herein called the "Master Policy", issued by Nuclear Energy Liability Insurance Association.

Such insurance as is provided by the Master Policy applies, through this certificate, only:

- (a) to the insureds identified in Items 1 and 2 of the Declarations,
- (b) for the certificate period stated in Item 6 of the Declarations,
- (c) to bodily injury or property damage
 - (1) with respect to which the primary financial protection described in Item 4 of the Declarations would apply but for exhaustion of its limit of liability as described in Condition 6 of the Master Policy, and
 - (2) which is caused during the certificate period stated in Item 6 of the Declarations by a nuclear incident arising out of or in connection with the nuclear reactor described in Item 3 of the Declarations, and

- (3) which is discovered and for which written claim is made against the insured not later than ten years after the end of the certificate period stated in Item 6 of the Declarations. However, with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (3) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Declarations

Item 1. Named insureds and addresses:

- (a) Tennessee Valley Authority – 1101 Market Street, Mail Stop MRC 1
Chattanooga, TN 37402

(b)

Item 2. Additional insureds:

Any other person or organization who would be insured under the primary financial protection identified in Item 4 of the Declarations but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of nuclear reactor: Unit 2 of the Watts Bar Nuclear Plant
located in Rhea County, Tennessee.

- Item 4. (a) Identification of primary financial protection applicable to the nuclear reactor and limit(s) of liability thereof:

Nuclear Energy Liability Insurance Association's

Policy NF- 0256 \$375,000,000

Mutual Atomic Energy Liability Underwriter's

Policy MF- N/A \$ N/A

- (b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

- (1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and
- (2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

- (c) The limits of liability provided under the primary financial protection specified in Item 4 (a) above are not shared with any other reactor except as follows:

Item 5. Limits of Liability: The amount of retrospective premium actually received by the companies plus the amount of the companies' contingent liability, if any, pursuant to Conditions 2, 3 and 4 of the Master Policy.

- Item 6. Certificate Period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this certificate becomes effective and continuing to the effective date and time of cancellation or termination of the Master Policy or this certificate, whichever first occurs, eastern standard time.
- Item 7. Maximum retrospective premium (exclusive of allowance for premium taxes) payable pursuant to Condition 2 of the Master Policy with respect to each nuclear incident: \$117,495,000.
- Item 8. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Master Policy from the effective date hereof to the end of calendar year 2011 :
The pro rata portion of \$ 9,492 for the period from the effective date of this certificate to the end of the calendar year during which such effective date occurs.

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Master Policy described in the above Certificate of Insurance and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the members of Nuclear Energy Liability Insurance Association subscribing the Master Policy (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the Master Policy, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in the Master Policy from the date payment thereof is specified to be due the companies in written notice to the first named insured as provided in Condition 2 of the Master Policy until paid;

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts;

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs, and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond and (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Master Policy relating to such covenants or provisions;

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

The preceding Certificate of Insurance, Declarations and Bond form a part of the Master Policy. Cancellation or termination of the Master Policy or the Certificate of Insurance shall not affect the named insured's obligations under the policy or the Bond to pay the retrospective premiums and allowances for premium taxes, as provided in this Certificate and Condition 2 of the Master Policy.

IN WITNESS WHEREOF, the named insureds have caused this Certificate, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the Certificate period.

Attest or Witness

Named Insureds:

Cynthia S. Druley

Pam Templeton, Notary Public
My Commission Expires: 1/23/2013

Tennessee Valley Authority
(Name of Insured, Type or Print)
By: [Signature] (Seal)
(Signature of Officer)
NOTARY PUBLIC
HAMILTON COUNTY
STATE OF TENNESSEE

Steven E. Brinkfield, VP & Chief Risk Officer
(Type or Print Name and Title)

June 29, 2011
(Date)

IN WITNESS WHEREOF, the companies subscribing the Master Policy have caused the Certificate of Insurance and Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the Certificate period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

John Hoffman

By:

George D. Turner
George D. Turner, President

Countersigned by

Mary E. Urlicchio
(Authorized Representative)