

Charles R. Pierce
Regulatory Affairs Director

Southern Nuclear
Operating Company, Inc.
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Tel 205.992.7872
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March 26, 2015

Docket Nos.: 50-348
50-364

NL-15-0574

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 Unit 1 and Unit 2, respectively, 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 contact Ken McElroy at (205) 992-7369.

Sincerely,

A handwritten signature in black ink that reads "C. R. Pierce". The signature is written in a cursive, flowing style.

C. R. Pierce
Regulatory Affairs Director

CRP/RMJ

Enclosure: Alabama Power Company Response

cc: Alabama Power Company
Ms. A. Allcorn-Walker, Vice President, Comptroller
Mr. C. Blake, Assistant Treasurer

Southern Nuclear Operating Company
Mr. S. E. Kuczynski, Chairman, President & CEO
Mr. D. G. Bost, Executive Vice President & Chief Nuclear Officer
Ms. C. A. Gayheart, Vice President – Farley
Mr. M. D. Meier, Vice President – Regulatory Affairs
Mr. D. R. Madison, Vice President – Fleet Operations
Mr. B. J. Adams, Vice President – Engineering
Mr. R. R. Martin, Regulatory Affairs Manager - Farley
RTYPE: CFA04.054

U. S. Nuclear Regulatory Commission
Mr. V. M. McCree, Regional Administrator
Mr. S. A. Williams, NRR Project Manager - Farley
Mr. P. K. Niebaum, 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

Christopher R. Blake, CPA, CMA
Assistant Treasurer
Treasury Services

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Birmingham, Alabama 35291-0040

Tel 205.257.3618
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March 12, 2015

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 10 CFR 50.75(f)(1) for operating licenses DPR-57 and NPF-5 issued for Farley Nuclear Plant Unit 1 and Unit 2, respectively. Southern Nuclear Operating Company, as the operating licensee and as an agent for the owners 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 operating licenses DPR-57 and NPF-5.

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

Respectfully submitted,

ALABAMA POWER COMPANY, by,

A handwritten signature in black ink, appearing to read "Chris Blake", written over a horizontal line.

Christopher R. Blake

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	\$490,295,000 ²	\$490,295,000 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).	\$383,952,164	\$369,629,218
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 2
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% ³ N/A	4.5% 7.0% 2.5% ³ 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.	None	None
7	Any material changes to trust agreements.	See Attachment 3	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 amount is based on NUREG-1307, Rev. 15, for the burial factor (Option 2) and the December 2014 BLS data for labor and energy.

³ The real rate of return of 2.5% was established by the Alabama Public Service Commission's Order pertaining to Informal Docket U-3295 and subsequent submittals pursuant to that Order, most recently on October 28, 2008.

Attachment 1
Schedule of Annual Amounts Remaining to be Collected

Alabama Power Company
Farley Nuclear Plant Unit 1

	Beginning Fund Balance	Fund Earnings	Fund Contributions	Ending Fund Balance	NRC Minimum Decommissioning Estimate
2014				\$ 383,952,164	\$ 490,295,000
2015	383,952,164	26,876,651	464,149	411,292,964	512,358,275
2016	411,292,964	28,790,508	464,149	440,547,621	535,414,397
2017	440,547,621	30,838,333	464,149	471,850,103	559,508,045
2018	471,850,103	33,029,507	464,149	505,343,759	584,685,907
2019	505,343,759	35,374,063	464,149	541,181,972	610,996,773
2020	541,181,972	37,882,738	464,149	579,528,859	638,491,628
2021	579,528,859	40,567,020	464,149	620,560,028	667,223,751
2022	620,560,028	43,439,202	464,149	664,463,379	697,248,820
2023	664,463,379	46,512,437	464,149	711,439,964	728,625,017
2024	711,439,964	49,800,797	464,149	761,704,911	761,413,143
2025	761,704,911	53,319,344	464,149	815,488,403	795,676,734
2026	815,488,403	57,084,188	464,149	873,036,741	831,482,187
2027	873,036,741	61,112,572	464,149	934,613,462	868,898,885
2028	934,613,462	65,422,942	464,149	1,000,500,553	907,999,335
2029	1,000,500,553	70,035,039	464,149	1,070,999,741	948,859,305
2030	1,070,999,741	74,969,982	464,149	1,146,433,871	991,557,974
2031	1,146,433,871	80,250,371	464,149	1,227,148,391	1,036,178,083
2032	1,227,148,391	85,900,387	464,149	1,313,512,928	1,082,806,097
2033	1,313,512,928	91,945,905	464,149	1,405,922,982	1,131,532,371
2034	1,405,922,982	98,414,609	464,149	1,504,801,739	1,182,451,328
2035	1,504,801,739	105,336,122	464,149	1,610,602,010	1,235,661,638
2036	1,610,602,010	112,742,141	464,149	1,723,808,300	1,291,266,411
2037	1,723,808,300	120,666,581	464,149	1,844,939,030	1,349,373,400
			Over (Under) Funded		\$ 495,565,630

Attachment 2
Schedule of Annual Amounts Remaining to be Collected

Alabama Power Company
Farley Nuclear Plant Unit 2

	Beginning Fund Balance	Fund Earnings	Fund Contributions	Ending Fund Balance	NRC Minimum Decommissioning Estimate
2014	-			\$ 369,629,218	\$ 490,295,000
2015	369,629,218	25,874,045	402,004	395,905,267	512,358,275
2016	395,905,267	27,713,369	402,004	424,020,640	535,414,397
2017	424,020,640	29,681,445	402,004	454,104,089	559,508,045
2018	454,104,089	31,787,286	402,004	486,293,379	584,685,907
2019	486,293,379	34,040,537	402,004	520,735,920	610,996,773
2020	520,735,920	36,451,514	402,004	557,589,438	638,491,628
2021	557,589,438	39,031,261	402,004	597,022,703	667,223,751
2022	597,022,703	41,791,589	402,004	639,216,296	697,248,820
2023	639,216,296	44,745,141	402,004	684,363,441	728,625,017
2024	684,363,441	47,905,441	402,004	732,670,886	761,413,143
2025	732,670,886	51,286,962	402,004	784,359,852	795,676,734
2026	784,359,852	54,905,190	402,004	839,667,045	831,482,187
2027	839,667,045	58,776,693	402,004	898,845,742	868,898,885
2028	898,845,742	62,919,202	402,004	962,166,948	907,999,335
2029	962,166,948	67,351,686	402,004	1,029,920,639	948,859,305
2030	1,029,920,639	72,094,445	402,004	1,102,417,087	991,557,974
2031	1,102,417,087	77,169,196	402,004	1,179,988,287	1,036,178,083
2032	1,179,988,287	82,599,180	402,004	1,262,989,472	1,082,806,097
2033	1,262,989,472	88,409,263	402,004	1,351,800,739	1,131,532,371
2034	1,351,800,739	94,626,052	402,004	1,446,828,794	1,182,451,328
2035	1,446,828,794	101,278,016	402,004	1,548,508,814	1,235,661,638
2036	1,548,508,814	108,395,617	402,004	1,657,306,435	1,291,266,411
2037	1,657,306,435	116,011,450	402,004	1,773,719,889	1,349,373,400
2038	1,773,719,889	124,160,392	402,004	1,898,282,286	1,410,095,203
2039	1,898,282,286	132,879,760	402,004	2,031,564,049	1,473,549,487
2040	2,031,564,049	142,209,483	402,004	2,174,175,537	1,539,859,214
2041	2,174,175,537	152,192,288	402,004	2,326,769,829	1,609,152,878
				Over (Under) Funded	\$ 717,616,950

Attachment 3

Material Changes to Trust Agreement

December 2013 Added Harbert U.S. Real Estate Fund V as an Alternative Investment

December 2013 Diversified Fixed Income Management by adding two additional managers, Swarthmore and PIMCO

November 2014 Moved funds for Fixed Income Management to Pyramis from PIMCO