TVA

Tennessee Valley Authority, 1101 Market Street, Chattanooga, Tennessee 37402-2801

March 31, 2009

10 CFR 50.75(f)(1)

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

In the Matter of)
Tennessee Valley Authority)

Docket Nos. 50-259 50-327
50-260 50-328
50-296 50-390

TVA - DECOMMISSIONING FUNDING STATUS REPORT - BROWNS FERRY (BFN) (TAC Nos. ME0491, ME0492 and ME0493); SEQUOYAH (SQN) (TAC Nos. ME0571 and ME0572); AND WATTS BAR (WBN) (TAC No. ME0587) NUCLEAR PLANTS

Pursuant to the requirements of 10 CFR 50.75(f)(1), TVA is required to report to NRC on a calendar year basis, beginning on March 31, 1999, and every two years thereafter, on the status of decommissioning funding for each TVA reactor. This report addresses the decommissioning funding status for BFN Units 1, 2, and 3; SQN Units 1 and 2; and WBN Unit 1.

The reporting requirements and corresponding TVA information are provided below.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).

   Decommissioning cost estimates were calculated using the formulas taken from NUREG-1307 R13 for the "Generic LLW Disposal Site, Direct Disposal With Vendors" option. Bureau of Labor Statistics and Energy indices were taken from the web sites referenced by the NUREG at the end of the 2008 calendar year. The estimates in calendar year 2008 dollars are as follows:

Decommissioning Cost Estimates (2008 End-of-Year Dollars, Millions)			
Plant	Units	Cost Per Unit	Total Plant Cost
Browns Ferry	3	554.6	1663.8
Sequoyah	2	400.5	801.0
Watts Bar	1	400.5	400.5

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2. The amount accumulated in the TVA decommissioning fund at the end of the calendar year 2008 for items included in 10 CFR 50.75 (b) and (c).

Decommissioning Trust Fund (2008 End-of-Year Dollars, Millions)	
Plant	**Balance Per Plant**
Browns Ferry Unit 1	107.4
Browns Ferry Unit 2	102.7
Browns Ferry Unit 3	92.5
Sequoyah Unit 1	148.1
Sequoyah Unit 2	140.9
Watts Bar Unit 1	68.9

3. A schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).

   TVA's decommissioning fund balance was in excess of the projected balance at the conclusion of calendar year 2007 and, as a result, no amounts were scheduled to be collected. However, financial markets have since experienced a downturn which resulted in lower market valuations for many investments held in TVA's decommissioning trust fund.

   TVA recognizes that an appropriate funding strategy must take into account the need to provide additional financial assurance should market improvement fail to be realized in a timely manner. TVA's decommissioning fund strategy has sought to maintain a reasoned balance between the need to ensure the near term adequacy of available decommissioning funds while being mindful that decommissioning funding obligations must be met over the long term so that adequate funds are in place at the time of plant shutdown for ultimately performing decommissioning when those activities will eventually take place. Moreover, NRC's regulatory guidance recognizes that licensees, including those who are rate-regulated by an external rate-setting authority or which set their own rates (as does TVA), may take time (up to several years) to make adjustments to the amounts set aside for decommissioning (NRC Regulatory Guide 1.159, Revision 1).

   Moderate market recovery within the near term will help to restore funding. Accordingly, TVA will continue to monitor its decommissioning fund and make contributions to the decommissioning fund or provide other methods of decommissioning funding assurance consistent with NRC regulations and guidance as appropriate within reasonable timeframes.

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.

- The assumed escalation in decommissioning costs is 4 percent.
- TVA assumed a projected annual real rate of return on decommissioning funds of 5 percent, as authorized by the TVA Board of Directors, TVA's rate-making authority. This rate is consistent with the long-term historical investment return associated with U.S. equities.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

   None.

6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.

   None.

7. Any material changes to trust agreements.

   The attached documents address the bank merger and reorganization which resulted in The Bank of New York Mellon Corporation becoming the successor to TVA's former trustee, Mellon Bank, N.A., under the terms of TVA's Master Decommissioning Trust Agreement.

If you have any questions regarding this response, please call Fred Mashburn at (423) 751-8817.

Sincerely,

Michael A Purcell
Senior Licensing Manager
Nuclear Power Group

Enclosures
cc: See page 4

cc (Enclosures):

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BNY MELLON
ASSET SERVICING

March 31, 2008

Mr. Eric Davis
Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, TN 37902-1499

Dear Eric:

I'd like to inform you of upcoming activities relating to your Asset Servicing accounts with Mellon Bank, N.A.

As you are aware, The Bank of New York Company and Mellon Financial Corporation completed the merger of these two holding companies this past summer, forming The Bank of New York Mellon Corporation. As part of our multi-year integration plan, we are reorganizing various banking entities. This consolidation will help us maximize operating efficiencies and make it easier for us to do business with our clients around the world.

As a result of this reorganization, your Asset Servicing accounts currently with Mellon Bank will become accounts of The Bank of New York Mellon. This consolidation should be largely transparent to you.

The legal migration of your accounts, along with the accounts of other clients and the business operations of Mellon Bank's Asset Servicing business, will happen automatically (by operation of law) on the date of the reorganization. Your relationship will continue to be handled by the same employees and supported by the same systems as are currently employed by Mellon Bank to provide you with Asset Servicing products and services. The Bank of New York Mellon will be the successor entity to the claims, rights, obligations and liabilities of Mellon Bank's Asset Servicing business. A brief profile of The Bank of New York Mellon is enclosed with this letter for your information.

If you invest in our common or collective funds or participate in our securities lending program which uses such funds, note also that as part of this restructuring, The Bank of New York Mellon will become successor Trustee of any common trust funds or collective investment funds maintained by Mellon Trust of New England, National Association or Mellon Bank.

For our part, The Bank of New York Mellon Corporation is working through the application and approval process with various bank regulators. We are also planning the corporate level actions that will be needed to implement the restructuring. The restructuring of the banks will not be implemented until all regulatory approvals have been received and all required actions have been taken. Our targeted implementation date for the bank restructuring is July 1, 2008.

If you have any questions or need further information regarding this reorganization, please do not hesitate to contact me.

Sincerely,

Amy Amendola

Amy Amendola
(412) 234-1735

Enclosure
Cc: John Hoskins
Carlos Pacheco

THE BANK OF NEW YORK MELLON

	The Bank of New York Mellon[1]	BNY Mellon, National Association[2]
Charter	State chartered bank	Nationally chartered bank
Regulated by	The New York State Department of Banking and a member of the Federal Reserve System with deposits insured by the Federal Deposit Insurance Corporation	The Office of the Comptroller of the Currency and a member of the Federal Reserve System with deposits insured by the Federal Deposit Insurance Corporation
Established by the consolidation and combination of:	The institutional banking businesses currently conducted by various legacy Mellon banking entities with the institutional banking business currently conducted by The Bank of New York.	The private wealth and private banking businesses currently conducted by various legacy Mellon banks and trust companies.[3]
Businesses served	Asset Servicing Issuer Services Treasury Services Broker / Dealer & Advisor Services Bank-advised Asset Management	Wealth Management
Headquarters	One Wall Street, New York, New York	500 Grant Street, Pittsburgh, Pennsylvania
Selected pro forma financial measures	Based on the consolidating institutional banking businesses as of December 31, 2007 (approximate):	Based on the consolidating private wealth and private banking businesses as of December 31, 2007 (approximate):
Total Assets	$154.0 billion	$7.9 billion
Total Deposits	$110.0 billion	$5.4 billion
Total Loans	N/A	$3.1 billion
Total Equity Capital	$14.0 billion	$2.1 billion
Total Regulatory Capital	$12.2 billion	$450.0 million
Tier 1 Capital Ratio	8.4 %	9.3 %
Total Capital Ratio	11.6 %	11.8 %

[1] Based on information contained in applications currently pending with appropriate bank regulatory authorities.
[2] Based on information contained in applications currently pending with appropriate bank regulatory authorities.

[3] In addition to the consolidation and combination of the legacy Mellon private wealth and private banking businesses, plans are currently being made to migrate The Bank of New York's private wealth and private banking business to BNY Mellon, National Association sometime during calendar year 2009.

Prepared by Corporate Marketing

Press Release

THE BANK OF NEW YORK MELLON

Contact: Ron Gruendl
412-234-7157
ron.gruendl@bnymellon.com

The Bank of New York Mellon Completes Bank Consolidation Program

NEW YORK, July 1, 2008 – The Bank of New York Mellon, the global leader in asset management and securities servicing, has completed the process of consolidating and renaming its principal U.S. bank and trust company subsidiaries into two new principal banks. This consolidation effort, which follows last July's merger of the holding companies of Mellon Financial and The Bank of New York, was an essential part of the Company's overall integration process that required regulatory approvals and was completed on schedule.

"This is another important step in ensuring we meet or exceed the goals we set for integration. The bank charter consolidation provides a more effective and cost-efficient structure to deliver our products and services to our global clients, as well as streamlines our own regulatory and related processes," said Robert P. Kelly, chief executive officer of The Bank of New York Mellon. "These changes will ultimately make it easier for our company to conduct its business and for our customers to conduct their business with us. For most of our clients, the consolidation of these charters was largely transparent and operationally seamless, aside from different entity names appearing on their statements and reports going forward."

The two principal banks formed as a result of the consolidation of the entities, which mainly were U.S. banks and trust companies, are:

- The Bank of New York Mellon, a New York State chartered bank, which houses institutional businesses including Asset Servicing, Issuer Services, Treasury Services, Broker-Dealer & Advisor Services and the bank-advised businesses of Asset Management.
- BNY Mellon, National Association, which houses Wealth Management, where a national charter is preferable given the scope of that business. Currently, this bank contains only the legacy Mellon private wealth business, as the legacy Bank of New York private wealth business is expected to be added in the first quarter of 2009.

As part of the consolidation, the number of U.S. trust companies was reduced to two companies — The Bank of New York Mellon Trust Company, National Association and BNY Mellon Trust Company of Illinois. These companies house trust products and services across the U.S. Also concentrating on trust products and services will be BNY Mellon Trust of Delaware, a Delaware bank. Most asset management businesses, along with Pershing, will continue to be held outside of the banks, as they are today.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than $23 trillion in assets under custody and administration, more than $1.1 trillion in assets under management and services $12 trillion in outstanding debt. Additional information is available at bnymellon.com.

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