

J. Bernie Beasley, Jr., P.E.
Vice President

**Southern Nuclear
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October 15, 2003

Docket Nos.: 50-348
50-364

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

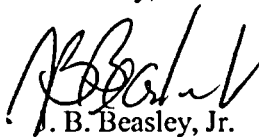
Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning
Nuclear Power Reactors (10 CFR 50.75(f)(1))

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 March 31, 1999, and every two years thereafter. Accordingly, Southern Nuclear Operating Company (Southern Nuclear) holds operating licenses NPF-2 and NPF-8 for the Joseph M. Farley Nuclear Plant and submitted the required information on behalf of Alabama Power Company by letter dated March 28, 2003. Subsequently, Southern Nuclear received a request for additional information from the NRC on September 11, 2003.

The enclosed letter from Alabama Power Company restates the NRC request for additional information and provides the requested information for the Joseph M. Farley Nuclear Plant. This letter contains no NRC commitments. If you have any questions, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Beasley, Jr.", is positioned above the printed name.

JBB/TWS/sdl

Enclosure

A001

cc: Southern Nuclear Operating Company
Mr. J. D. Woodard, Executive Vice President
Ms. K. S. King, Vice President and CFO
Mr. D. E. Grissette, General Manager – Plant Farley
Document Services RTYPE: CFA04.054; LC# 13851

U. S. Nuclear Regulatory Commission
Mr. L. A. Reyes, Regional Administrator
Mr. F. Rinaldi, NRR Project Manager – Farley
Mr. T. P. Johnson, Senior Resident Inspector – Farley

Alabama Power Company
Mr. W. B. Hutchins, Executive Vice President and CFO
Mr. J. R. DeRieux, General Manager – Corporate Finance and Planning

ENCLOSURE

William B. Hutchins III
Executive Vice President and
Chief Financial Officer

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September 23, 2003



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50-364

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Joseph M. Farley Nuclear Plant
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- a. *In regards to the Biennial Decommissioning Trust Reports filed by Southern Company on behalf of the licenses it owns under the NRC, staff requires clarification in the form of a declarative statement as to the Real Rate of Interest used by Southern Company, in its forecast of future payments to the individual Decommissioning Trust Funds for each license. Although staff is able to imply the Real Rate of Interest by taking the nominal rate of interest and subtracting from it the tax rate and escalation, it has been determined that a declaring statement be made by Southern Company is necessary to comply with 10 CFR 50.75(f)(1).*
- b. *If the Real Rate of Interest is greater than 2%, then an accompanying statement indicating that a higher Real Rate of Interest is authorized by the licensees regulatory authority must be made (i.e., state public utility commission.)*

The real rate of interest used by Alabama Power Company for the Joseph M. Farley Nuclear Plant Decommissioning Trust Fund is 2.5% for both Unit 1 and Unit 2 in accordance with Alabama Public Service Commission Informal Docket U-3295, dated December 17, 1993.

This letter contains no NRC commitments. If you have any questions, please advise.

Sincerely,


William B. Hutchins, III