



**Terrance G. Howson**  
Vice President,  
Treasurer

GPU, Inc.  
310 Madison Avenue  
Morristown, NJ 07960  
Tel 973-401-8519

February 19, 2001

U.S. Nuclear Regulatory Commission  
Attn: Document Control Desk  
Washington, D.C. 20555

Re: Saxton Nuclear Experimental Corporation  
Operating License No. DPR-4, Docket No. 50-146  
Parent Guarantee for Decommissioning Funding

Dear Sir:

I am the Vice President & Treasurer of each of the GPU Energy Companies: namely, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company (each trading and doing business as and collectively hereinafter referred to as "GPU Energy"), which are electric public utilities and wholly-owned subsidiaries of GPU, Inc., a registered public utility holding company. The GPU Energy companies are the sole shareholders of Saxton Nuclear Experimental Corporation ("SNEC"). Jersey Central Power & Light Company owns 44%, Metropolitan Edison Company owns 32%, and Pennsylvania Electric Company owns 24% of the shares of SNEC respectively. This letter is in support of these companies' use of the financial test and parent guarantee to demonstrate financial assurance for the decommissioning of the Saxton facility, in accordance with 10 C.F.R. § 50.75(e)(1)(iii)(B).

The Saxton facility is a shutdown pressurized water reactor owned by the Saxton Nuclear Experimental Corporation and located north of the Borough of Saxton in Liberty Township, Bedford County, Pennsylvania. GPU Nuclear, Inc. is authorized by NRC License No. DPR-4 to possess, manage, use and maintain, but not operate, the facility. GPU Nuclear is also a wholly-owned subsidiary of GPU, Inc. Saxton is currently being decommissioned, and GPU Nuclear has estimated that it will cost \$14.8 million to complete decommissioning. For purposes of this guarantee, to account for contingencies, overhead, and possible added costs, the amount of \$20 million is used to conservatively bound the remaining decommissioning costs.

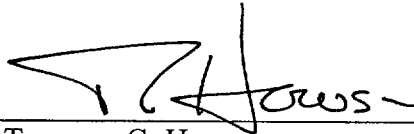
Each of the GPU Energy companies, severally and not jointly, guarantees, through parent company guarantees submitted to demonstrates compliance under 10 CFR Part 50, its respective share (in respect to its ownership interest) of the decommissioning of the Saxton facility. Each

A001

of the GPU Energy companies is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of the GPU Energy companies ends on December 31. Worksheets demonstrating that each of the GPU Companies meets the financial test in 10 C.F.R. Part 30, Appendix A, Section II.A.2, for its respective share of the remaining Saxton decommissioning costs are attached hereto and incorporated herein by reference. The figures for the items marked with an asterisk on the worksheets are derived from these companies' independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 2000.

I hereby certify that I am authorized to make this submittal and that the content of this letter is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "T. Howson", is written over a horizontal line.

Terrance G. Howson  
Vice President & Treasurer

February 19, 2001

**Financial Test: JCP&L**

- |  |  |            |           |   |  |
|--|--|------------|-----------|---|--|
| 1 Decommissioning cost estimates for facility [Insert license #] (total of <u>all</u> cost estimates shown in paragraph above)   | \$ 8,800,000 A   |            |           |   |  |
| 2 Current bond rating of most recent issuance of this firm and name of rating service <u>Standard &amp; Poor's</u>   | A+   |            |           |   |  |
| 3 Date of issuance of bond   | 11/26/96   |            |           |   |  |
| 4 Date of maturity of bond   | 11/26/01   |            |           |   |  |
| *5. Tangible net worth (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statement, add the amount of that portion to this line). | \$ 1,468,059,791   |            |           |   |  |
| *6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)  | \$ 6,217,355,083   |            |           |   |  |
|  | <table border="0"><tr><td><b>Yes</b></td><td><b>No</b></td></tr><tr><td>X</td><td></td></tr></table> | <b>Yes</b> | <b>No</b> | X |  |
| <b>Yes</b>   | <b>No</b>  |            |           |   |  |
| X  |  |            |           |   |  |
| 7 Is line 5 at least \$10 million?   | X  |            |           |   |  |
| 8 Is line 5 at least 6 times line 1?   | X  |            |           |   |  |
| *9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.   | X  |            |           |   |  |
| 10 Is line 6 at least 6 times line 1?  | X  |            |           |   |  |

\* Denotes figures derived from financial statements.

A Represents JCP&L's proportionate share of the estimated remaining decommissioning liability of \$20 million at 12/31/2000.

**Financial Test: Met Ed**

- |  |  |            |           |   |  |
|--|--|------------|-----------|---|--|
| 1 Decommissioning cost estimates for facility [Insert license #] (total of <u>all</u> cost estimates shown in paragraph above)   | \$ 6,369,266 A   |            |           |   |  |
| 2 Current bond rating of most recent issuance of this firm and name of rating service <u>Standard &amp; Poor's</u>   | A+   |            |           |   |  |
| 3 Date of issuance of bond   | 05/22/97   |            |           |   |  |
| 4 Date of maturity of bond   | 05/01/27   |            |           |   |  |
| *5. Tangible net worth (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statement, add the amount of that portion to this line). | \$ 543,382,539   |            |           |   |  |
| *6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)  | \$ 3,161,378,909   |            |           |   |  |
|  | <table border="0"><tr><td><b>Yes</b></td><td><b>No</b></td></tr><tr><td>X</td><td></td></tr></table> | <b>Yes</b> | <b>No</b> | X |  |
| <b>Yes</b>   | <b>No</b>  |            |           |   |  |
| X  |  |            |           |   |  |
| 7 Is line 5 at least \$10 million?   | X  |            |           |   |  |
| 8 Is line 5 at least 6 times line 1?   | X  |            |           |   |  |
| *9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.   | X  |            |           |   |  |
| 10 Is line 6 at least 6 times line 1?  | X  |            |           |   |  |

\* Denotes figures derived from financial statements.

A Represents Met-Ed's proportionate share of the estimated remaining decommissioning liability of \$20 million at 12/31/2000.

**Financial Test: Penelec**

1 Decommissioning cost estimates for facility [Insert license #] (total of <u>all</u> cost estimates shown in paragraph above)	\$ 4,830,734 A
2 Current bond rating of most recent issuance of this firm and name of rating service <u>Standard &amp; Poor's</u>	A+
3 Date of issuance of bond	08/04/00
4 Date of maturity of bond	08/01/05
*5. Tangible net worth (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statement, add the amount of that portion to this line).	\$ 474,667,271
*6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)	\$ 3,048,119,073
	<b>Yes No</b>
7 Is line 5 at least \$10 million?	X
8 Is line 5 at least 6 times line 1?	X
*9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.	X
10 Is line 6 at least 6 times line 1?	X

\* Denotes figures derived from financial statements.

A Represents Penelec's proportionate share of the estimated remaining decommissioning liability of \$20 million at 12/31/2000.

PARENT COMPANY GUARANTEE  
Of PENNSYLVANIA ELECTRIC COMPANY

This Guarantee is made this 19<sup>th</sup> day of February, 2001, to the U.S. Nuclear Regulatory Commission (NRC) by Pennsylvania Electric Company, a corporation organized under the laws of the Commonwealth of Pennsylvania, herein referred to as "guarantor," on behalf of its subsidiary, the Saxton Nuclear Experimental Corporation, of 300 Madison Avenue, P.O. Box 1911, Morristown, NJ 07962-1911.

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the Commonwealth of Pennsylvania.
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50 which require that a holder of a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities, as required by 10 CFR Part 50, for the Saxton facility, located north of the Borough of Saxton in Liberty Township, Bedford County, Pennsylvania, and licensed by the NRC under License No. DPR-4. For purposes of this guarantee, the estimated cost of completing the decommissioning of Saxton is \$20 million, of which the guarantor hereby guarantees the payment of up to a maximum of \$4.8 million, corresponding to its ownership share of the stock of the Saxton Nuclear Experimental Corporation.
4. The guarantor meets or exceeds the following financial test criteria in 10 CFR Part 30, Appendix A, Paragraph II.A.2 and agrees to comply with all notification requirements as specified in 10 CFR Part 50:
  - (a)(i) A current rating of its most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's, or Aaa, A or Baa as rated by Moody's; and
  - (ii) Tangible net worth of at least \$10 million and at least six times guarantor's share of the current decommissioning cost estimate; and
  - (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times guarantor's share of the current decommissioning cost.
5. Metropolitan Edison Company, Jersey Central Power & Light Company, and Pennsylvania Electric Company, control the voting stock for the Saxton Nuclear Experimental Corporation, which owns the Saxton facility, License No. DPR-4, covered by this guarantee.
6. Decommissioning activities means those activities required by 10 CFR Part 50 for the decommissioning, as defined in 10 CFR Part 50.2, of the Saxton facility identified above.

7. The guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. DPR-4, the guarantor shall
  - (a) carry out the required activities, or
  - (b) set up a trust fund in favor of the NRC in the amount of guarantor's share of these current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 50. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if the Saxton Nuclear Experimental Corporation has not done so.
10. The guarantor also agrees to notify the NRC promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the NRC. The guarantor has already notified the NRC that there is currently pending a merger between GPU, Inc. and FirstEnergy Corp. whereby, upon closing, the GPU Energy companies and GPU Nuclear will become direct wholly-owned subsidiaries of FirstEnergy Corp. The guarantee will survive such merger in that the guarantor will continue to be an operating public utility company in Pennsylvania, and the consummation of such merger shall not require the provision of any alternative financial assurance beyond this guarantee.
11. The guarantor agrees that within 30 days after being notified by the NRC of a determination that it no longer meets the financial test criteria or that it is disallowed from continuing as a guarantor for the facility under License No. DPR-4, it shall establish an alternative financial assurance as specified in 10 CFR Part 50 as applicable, in the name of the Saxton Nuclear Experimental Corporation, unless the Saxton Nuclear Experimental Corporation has done so.
12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 50.
13. The guarantor agrees that it and its successors and assigns shall be jointly and severally liable for all litigation costs incurred by the NRC in any successful effort to enforce this agreement against the guarantor.

14. The guarantor agrees to remain bound under this guarantee for as long as the Saxton Nuclear Experimental Corporation must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facility, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and the Saxton Nuclear Experimental Corporation as evidenced by the return receipts.
15. The guarantor agrees that if the Saxton Nuclear Experimental Corporation fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by the NRC from the guarantor, the guarantor shall provide such alternative financial assurance in the name of the Saxton Nuclear Experimental Corporation or make full payment under the guarantee. Unless otherwise cancelled as provided above, this guarantee shall terminate when NRC license DPR-4 is terminated.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by the Saxton Nuclear Experimental Corporation. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: February 19, 2001

Pennsylvania Electric Company  
Guarantor



Terrance G. Howson

Vice President & Treasurer

Signature of witness or notary:



NANCY F. CARNAHAN  
A Notary Public of New Jersey  
My Commission Expires 6/4/02



PARENT COMPANY GUARANTEE  
OF METROPOLITAN EDISON COMPANY

This Guarantee is made this 19<sup>th</sup> day of February, 2001, to the U.S. Nuclear Regulatory Commission (NRC) by Metropolitan Edison Company, a corporation organized under the laws of the Commonwealth of Pennsylvania, herein referred to as "guarantor," on behalf of its subsidiary, the Saxton Nuclear Experimental Corporation, of 300 Madison Avenue, P.O. Box 1911, Morristown, NJ 07962-1911.

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the Commonwealth of Pennsylvania.
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50 which require that a holder of a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities, as required by 10 CFR Part 50, for the Saxton facility, located north of the Borough of Saxton in Liberty Township, Bedford County, Pennsylvania, and licensed by the NRC under License No. DPR-4. For purposes of this guarantee, the estimated cost of completing the decommissioning of Saxton is \$20 million of which the guarantor hereby guarantees the payment of up to a maximum of \$6.4 million, corresponding to its ownership share of the stock of the Saxton Nuclear Experimental Corporation.
4. The guarantor meets or exceeds the following financial test criteria in 10 CFR Part 30, Appendix A, Paragraph II.A.2 and agrees to comply with all notification requirements as specified in 10 CFR Part 50:
  - (a)(i) A current rating of its most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's, or Aaa, A or Baa as rated by Moody's; and
  - (ii) Tangible net worth of at least \$10 million and at least six times guarantor's share of the current decommissioning cost estimate; and
  - (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times guarantor's share of the current decommissioning cost.
5. Metropolitan Edison Company, Jersey Central Power & Light Company, and Pennsylvania Electric Company, control the voting stock for the Saxton Nuclear Experimental Corporation, which owns the Saxton facility, License No. DPR-4, covered by this guarantee.

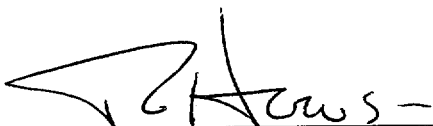
6. Decommissioning activities means those activities required by 10 CFR Part 50 for the decommissioning, as defined in 10 CFR Part 50.2, of the Saxton facility identified above.
7. The guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. DPR-4, the guarantor shall
  - (a) carry out the required activities, or
  - (b) set up a trust fund in favor of the NRC in the amount of guarantor's share of these current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 50. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if the Saxton Nuclear Experimental Corporation has not done so.
10. The guarantor also agrees to notify the NRC promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the NRC. The guarantor has already notified the NRC that there is currently pending a merger between GPU, Inc. and FirstEnergy Corp. whereby, upon closing, the GPU Energy companies and GPU Nuclear will become direct wholly-owned subsidiaries of FirstEnergy Corp. The guarantee will survive such merger in that the guarantor will continue to be an operating public utility company in Pennsylvania, and the consummation of such merger shall not require the provision of any alternative financial assurance beyond this guarantee.
11. The guarantor agrees that within 30 days after being notified by the NRC of a determination that it no longer meets the financial test criteria or that it is disallowed from continuing as a guarantor for the facility under License No. DPR-4, it shall establish an alternative financial assurance as specified in 10 CFR Part 50 as applicable, in the name of the Saxton Nuclear Experimental Corporation, unless the Saxton Nuclear Experimental Corporation has done so.
12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 50.

13. The guarantor agrees that it and its successors and assigns shall be jointly and severally liable for all litigation costs incurred by the NRC in any successful effort to enforce this agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as the Saxton Nuclear Experimental Corporation must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facility, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and the Saxton Nuclear Experimental Corporation as evidenced by the return receipts.
15. The guarantor agrees that if the Saxton Nuclear Experimental Corporation fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by the NRC from the guarantor, the guarantor shall provide such alternative financial assurance in the name of the Saxton Nuclear Experimental Corporation or make full payment under the guarantee. Unless otherwise cancelled as provided above, this guarantee shall terminate when NRC license DPR-4 is terminated.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by the Saxton Nuclear Experimental Corporation. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

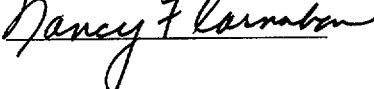
I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: February 19, 2001

Metropolitan Edison Company  
Guarantor

  
\_\_\_\_\_  
Terrance G. Howson

Vice President & Treasurer

Signature of witness or notary: 

NANCY F. CARNAHAN  
A Notary Public of New Jersey  
My Commission Expires 6/4/02

PARENT COMPANY GUARANTEE  
OF JERSEY CENTRAL POWER & LIGHT COMPANY

This Guarantee is made this 19th day of February, 2001, to the U.S. Nuclear Regulatory Commission (NRC) by Jersey Central Power & Light Company, a corporation organized under the laws of the State of New Jersey, herein referred to as "guarantor," on behalf of its subsidiary, the Saxton Nuclear Experimental Corporation, of 300 Madison Avenue, P.O. Box 1911, Morristown, NJ 07962-1911.

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of New Jersey.
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50 which require that a holder of a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities, as required by 10 C.F.R. Part 50, for the Saxton facility, located north of the Borough of Saxton in Liberty Township, Bedford County, Pennsylvania, and licensed by the NRC under License No. DPR-4. For purposes of this guarantee, the estimated cost of completing the decommissioning of Saxton is \$20 million of which the guarantor hereby guarantees the payment of up to a maximum of \$8.8 million, corresponding to its ownership share of the stock of the Saxton Nuclear Experimental Corporation.
4. The guarantor meets or exceeds the following financial test criteria in 10 CFR Part 30, Appendix A, Paragraph II.A.2 and agrees to comply with all notification requirements as specified in 10 CFR Part 50:
  - (a)(i) A current rating of its most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's, or Aaa, A or Baa as rated by Moody's; and
  - (ii) Tangible net worth of at least \$10 million and at least six times guarantor's share of the current decommissioning cost estimate; and
  - (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times guarantor's share of the current decommissioning cost.
5. Metropolitan Edison Company, Jersey Central Power & Light Company, and Pennsylvania Electric Company, control the voting stock for the Saxton Nuclear Experimental Corporation, which owns the Saxton facility, License No. DPR-4, covered by this guarantee.

6. Decommissioning activities means those activities required by 10 CFR Part 50 for the decommissioning, as defined in 10 CFR Part 50.2, of the Saxton facility identified above.
7. The guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. DPR-4, the guarantor shall
  - (a) carry out the required activities, or
  - (b) set up a trust fund in favor of the NRC in the amount of guarantor's share of these current cost estimates for these activities.
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12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 50.

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16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by the Saxton Nuclear Experimental Corporation. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.


Effective date: February 19, 2001

Jersey Central Power & Light Company  
Guarantor



Terrance G. Howson

Vice President & Treasurer

Signature of witness or notary: 

NANCY F. CARNAHAN  
A Notary Public of New Jersey  
My Commission Expires 6/4/02