

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

FIRSTENERGY NUCLEAR OPERATING COMPANY

AND

FIRSTENERGY NUCLEAR GENERATION CORP.

DOCKET NO. 50-346

DAVIS-BESSE NUCLEAR POWER STATION, UNIT NO. 1

FACILITY OPERATING LICENSE

License No. NPF-3

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for license filed by FirstEnergy Nuclear Operating Company (FENOC)¹, acting on its own behalf and as agent for FirstEnergy Nuclear Generation Corp. (licensees) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Davis-Besse Nuclear Power Station, Unit No. 1 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-80 and the application, as amended, the provisions of the Act and the rules and regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;

¹ FENOC is authorized to act as agent for FirstEnergy Nuclear Generation Corp., and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

- 1.D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. The FirstEnergy Nuclear Operating Company is technically qualified and the licensees are financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - G. The issuance of this operating license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-3 subject to the conditions for protection of the environment set forth herein is in accordance with 10 CFR Part 51 (formerly Appendix D to 10 CFR Part 50), of the Commission's regulations and all applicable requirements have been satisfied; and
 - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Part 30, 40, and 70, including 10 CFR Sections 30.33, 40.32, 70.23, and 70.31.
2. Facility Operating License No. NPF-3 is hereby issued to FirstEnergy Nuclear Operating Company (FENOC), and FirstEnergy Nuclear Generation Corp. to read as follows:
- A. This license applies to the Davis-Besse Nuclear Power Station, Unit No. 1, a pressurized water nuclear reactor and associated equipment (the facility), owned by FirstEnergy Nuclear Generation Corp. The facility is located on the south-western shore of Lake Erie in Ottawa County, Ohio, approximately 21 miles east of Toledo, Ohio, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 14 through 44) and the Environmental Report as supplemented and amended (Supplements 1 through 2).

2.B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) FENOC, pursuant to Section 103 of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility;
- (2) FirstEnergy Nuclear Generation Corp., to possess the facility at the designated location in Ottawa County, Ohio in accordance with the procedures and limitations set forth in this license;
- (3) FENOC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) FENOC, pursuant to the Act and 10 CFR Parts 30, 40, and 70 to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) FENOC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) FENOC, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

2.C(4) Fire Protection

FENOC shall implement and maintain in effect all provisions of the approved Fire Protection Program as described in the Updated Safety Analysis Report and as approved in the SERs dated July 26, 1979, and May 30, 1991, subject to the following provision:

FENOC may make changes to the approved Fire Protection Program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

- (5) FENOC shall maintain in effect and implement a secondary water chemistry monitoring program to inhibit steam generator tube degradation. The program shall include:
- (a) Identification of a sampling schedule for the critical parameters and control points for these parameters;
 - (b) Identification of the procedures used to quantify parameters that are critical to control points;
 - (c) Identification of process sampling points;
 - (d) Procedure for the recording and management of data;
 - (e) Procedures defining corrective actions for off control point chemistry conditions; and
 - (f) A procedure identifying the authority responsible for the interpretation of the data, and the sequence and timing of administrative events required to initiate corrective action.

(6) Antitrust Conditions

FENOC and FirstEnergy Nuclear Generation Corp. shall comply with the antitrust conditions delineated in Condition 2.E of this license as if named therein. FENOC shall not market or broker power or energy from the Davis-Besse Nuclear Power Station, Unit No. 1. FirstEnergy Nuclear Generation Corp. is responsible and accountable for the actions of FENOC to the extent that said actions affect the marketing or brokering of power or energy from the Davis-Besse Nuclear Power Station, Unit No. 1, and in any way, contravene the antitrust license conditions contained in the license.

2.D. FENOC shall fully implement and maintain in effect all provisions of the Commission-approved physical security, training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans, which contain Safeguards Information protected under 10 CFR 73.21, is entitled: "Davis-Besse Nuclear Power Station Physical Security Plan, Training and Qualification Plan, and Safeguards Contingency Plan Revision 0," submitted by letter dated September 10, 2004, and supplemented on September 30, 2004.

E. This license is subject to the following antitrust conditions:

Definitions

Entity shall mean any electric generation and/or distribution system or municipality or cooperative with a statutory right or privilege to engage in either of these functions.

Wheeling shall mean transportation of electricity by a utility over its lines for another utility, including the receipt from and delivery to another system of like amounts but not necessarily the same energy. Federal Power Commission, The 1970 National Power Survey, Part 1, p. I-24-8.

License Conditions Approved By the Atomic Safety and Licensing Appeal Board*

- (1) Applicants shall not condition the sale or exchange of wholesale power or coordination services upon the condition that any other entity:
 - (a) enter into any agreement or understanding restricting the use of or alienation of such energy or services to any customers or territories;

* "Applicants" as used by the Appeal Board refers to the Toledo Edison Company, Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company and Pennsylvania Power Company although none of these entities are currently Licensees for this facility.

- G. In accordance with the requirement imposed by the October 8, 1976, order of the United States Court of Appeals for the District of Columbia Circuit in Natural Resources Defense Council v. Nuclear Regulatory Commission, No. 74-1385 and 74-1586, that the Nuclear Regulatory Commission "shall make any licenses granted between July 21, 1976 and such time when the mandate is issued subject to the outcome of such proceedings herein," this license shall be subject to the outcome of such proceedings.
- H. This license is effective as of the date of issuance and shall expire at midnight April 22, 2017.
3. Based on the Commission's Order dated _____ and conforming Amendment No. _____ dated _____ regarding the direct transfer of the license from the Cleveland Electric Illuminating Company (Cleveland Electric) and the Toledo Edison Company (Toledo Edison) to FirstEnergy Generation Corporation (FENGenCo), FirstEnergy Nuclear Operating Company and FENGenCo shall comply with the following conditions noted below:
- A. On the closing date of the transfers to FENGenCo of their interests in Davis-Besse, Cleveland Electric and Toledo Edison shall transfer to FENGenCo all of each transferor's respective accumulated decommissioning funds for Davis-Besse and tender to FENGenCo additional amounts equal to remaining funds expected to be collected in 2005, as represented in the application dated June 1, 2005, but not yet collected by the time of closing. All of the funds shall be deposited in a separate external trust fund for the reactor in the same amount as received with respect to the unit to be segregated from other assets of FENGenCo and outside its administrative control, as required by NRC regulations, and FENGenCo shall take all necessary steps to ensure that this external trust fund is maintained in accordance with the requirements of the order approving the transfer of the license and consistent with the safety evaluation supporting the order and in accordance with the requirements of 10 CFR Section 50.75, "Reporting and recordkeeping for decommissioning planning."

- B. The Support Agreement described in the application dated June 1, 2005 (up to \$400 million), shall be effective consistent with the representations contained in the application. FENGenCo shall take no action to cause FirstEnergy, or its successors and assigns, to void, cancel, or modify the Support Agreement without the prior written consent of the NRC staff. FENGenCo shall inform the Director of the Office of Nuclear Reactor Regulation, in writing, no later than ten days after any funds are provided to FENGenCo by FirstEnergy under either Support Agreement.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by
R. C. DeYoung (for)
Roger S. Boyd, Director
Division of Project Management
Office of Nuclear Reactor Regulation

Attachments:

1. Appendices A & B - Technical Specifications
2. Preoperational Tests, Startup Tests and Other Items Which Must Be Completed Prior to Proceeding to Succeeding Operational Modes

Date of Issuance: (APR 22 1977)

Amendment No.