

Gary R. Leidich
President and Chief Nuclear Officer

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August 15, 2006
L-06-127
Serial Number 3287
PY-CEI/NRR-2984L

10 CFR 50.80
10 CFR 2.390
10 CFR 9.17

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Director, Office of Nuclear Reactor Regulation
Washington, DC 20555

Re: Beaver Valley Power Station, Unit Nos. 1 & 2, Docket Nos. 50-334, 50-412
Davis-Besse Nuclear Power Station, Unit No. 1, Docket No. 50-346
Perry Nuclear Power Plant, Unit No. 1, Docket No. 50-440
Supplemental Financial Information Associated with an Application for Order Approving
Indirect Transfer of Control of Licenses (TAC NOS. MD 2182, MD2183, MD2184, and
MD2185)

By letter dated June 6, 2006 (Beaver Valley letter L-06-030, Davis-Besse letter Serial Number 3237, and Perry letter number PY-CEI/NRR-2944L), FirstEnergy Nuclear Operating Company (FENOC), acting on behalf of FirstEnergy Nuclear Generation Corp. (FENGenCo) and FirstEnergy Solutions Corp. (FE Solutions), requested Nuclear Regulatory Commission (NRC) approval of an indirect transfer of control of FENGenCo's licenses. The proposed internal restructuring would make FENGenCo: 1) a wholly-owned direct subsidiary of FE Solutions; and 2) a wholly-owned second-tier subsidiary of FirstEnergy Corp. (FE). The financial aspects of this transfer request are based upon information contained within a May 30, 2006 (Beaver Valley letter L-06-071, Davis-Besse letter Serial Number 3261, Perry letter number PY-CEI/NRR-2957L) submittal.

The May 30, 2006 submittal indicated in a footnote to the financial statements that certain accretion costs were being recovered through the Power Supply Agreement (PSA), and therefore, included in the Operating Revenue projections based upon an anticipated application to the Federal Energy Regulatory Commission (FERC). FE is requesting an adjustment in the FERC-approved rates to include FERC Account 411 (net of FERC Account 419) in the rates. Recent pre-application discussions with FERC have confirmed the anticipated inclusion of FERC Account 411 (net of FERC Account 419). However, FERC has recommended that certain non-cash amounts associated with the asset retirement costs be excluded from the rate base input. Consequently, the FENGenCo five-year pro forma income statements were impacted. The revised pro forma income statements resulted in a less than 10% reduction in the yearly net income. FENOC believes that the changes to the FENGenCo financial projections are not significant and that

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the NRC's finding of financial qualifications for FENGenCo, as described within the Safety Evaluation supporting the December 16, 2005 Order, which approved the FENGenCo transfer, remains valid, because FENGenCo is projected to continue to earn revenues in excess of its operating and maintenance expenses during each of the five years, and because of a \$400 million support agreement from FirstEnergy that was described in the original FENGenCo submittals and that is unaffected by the revised financial information.

The revised projected income statements are included as Enclosures 1 and 2. This financial information is of a type that is not routinely disclosed to the public. Accordingly, Enclosure 1 contains a redacted, non-proprietary version of the information, suitable for public disclosure. FENOC requests that Enclosure 2, which contains the proprietary version of the financial information, be withheld from public disclosure pursuant to 10 CFR 2.390 and 10 CFR 9.17. An affidavit supporting the request for withholding Enclosure 2 from public disclosure is provided with the enclosure.

If there are any questions or if additional information is required, please contact Mr. Gregory A. Dunn, Manager - FENOC Fleet Licensing, at (330) 315-7243.

Very truly yours,



Attachments:

1. Affirmation of Gary R. Leidich
2. Regulatory Commitments

Enclosures:

1. FirstEnergy Nuclear Generation Corp. Pro Forma Income Statements – Non-Proprietary Version
2. FirstEnergy Nuclear Generation Corp. Pro Forma Income Statements – Proprietary Version

cc: Director, NRR

NRC Region 1 Administrator

NRC Region 3 Administrator

Beaver Valley NRC Project Manager

Davis-Besse NRC Project Manager

Perry NRC Project Manager

Beaver Valley NRC Senior Resident Inspector

Davis-Besse NRC Senior Resident Inspector

Perry NRC Senior Resident Inspector

D.A. Allard, Director BRP/DEP (without Enclosure 2)

L.E. Ryan, BRP/DEP (without Enclosure 2)

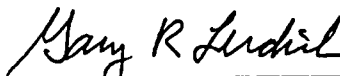
N. Dragani, Executive Director, Ohio Emergency Management Agency, State of Ohio
(NRC Liaison)(without Enclosure 2)

Utility Radiological Review Board (without Enclosure 2)

Affirmation of Gary R. Leidich

I, Gary R. Leidich, being duly sworn, state that I am the President and Chief Nuclear Officer for FirstEnergy Nuclear Operating Company ("FENOC"), that I am authorized to sign and file this document with the Nuclear Regulatory Commission on behalf of FENOC and its affiliates, and that the statements made and the matters set forth herein pertaining to FENOC and its affiliates are true and correct to the best of my knowledge, information, and belief.

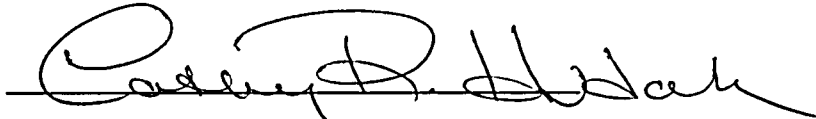
FirstEnergy Nuclear Operating Company



Gary R. Leidich
President and Chief Nuclear Officer

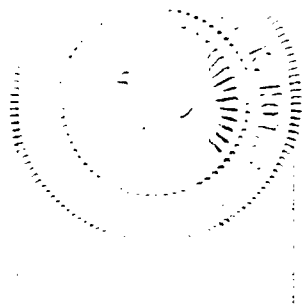
STATE OF Ohio
COUNTY OF Summit

Subscribed and sworn to before me, a Notary Public, in and for the County and State above named, this 15 day of Aug. 2006



My Commission Expires:

<p>CATHY HUDAK Notary Public State of Ohio My Commission Expires Oct. 17, 2007</p>
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Regulatory Commitments

The following list identifies those actions committed to by the FirstEnergy Nuclear Operating Company (FENOC) for the Beaver Valley Power Station, Unit Nos. 1 & 2, Davis-Besse Nuclear Power Station, Unit No.1, and Perry Nuclear Power Plant, Unit No. 1 in this document. Any other actions discussed in the submittal represent intended or planned actions by FENOC. They are described only as information and are not regulatory commitments. Please notify Mr. Gregory A. Dunn, Manager - FENOC, Fleet Licensing, at (330) 315-7243 for any questions regarding this document or associated regulatory commitments.

Commitment	Due Date
None.	N/A

Enclosure 1
L-06-127
Serial Number 3287
PY-CEI/NRR-2984L
Page 1 of 3

FIRSTENERGY NUCLEAR GENERATION CORP.

PRO FORMA INCOME STATEMENTS

NON-PROPRIETARY VERSION

FirstEnergy Nuclear Generation Corp.
Pro Forma Income Statements
(Non-Proprietary Version)
(\$ in thousands)

[illegible]

	Variance				
	2006	2007	2008	2009	2010
Operating Revenue	[]	[]	[]	[]	[]
Operating Expenses					
Fuel	[]	[]	[]	[]	[]
Purchased Power	[]	[]	[]	[]	[]
Nuclear Operating Costs	[]	[]	[]	[]	[]
Property Taxes	[]	[]	[]	[]	[]
Depreciation and Amortization	[]	[]	[]	[]	[]
Other Operating Costs	[]	[]	[]	[]	[]
Total Operating Expenses	[]	[]	[]	[]	[]
Operating Income	[]	[]	[]	[]	[]
Other Income/(Expense):					
Interest Expense	[]	[]	[]	[]	[]
Capitalized Interest	[]	[]	[]	[]	[]
Other, net	[]	[]	[]	[]	[]
Total Other Expense, net	[]	[]	[]	[]	[]
Income Before Income Taxes	[]	[]	[]	[]	[]
Income Taxes	[]	[]	[]	[]	[]
Net Income	[]	[]	[]	[]	[]

10 CFR 2.390

Affidavit of Gary R. Leidich

I, Gary R. Leidich, President and Chief Nuclear Officer state that:

1. I am authorized to execute this affidavit on behalf of FirstEnergy Nuclear Operating Company ("FENOC") and its affiliates.
2. FENOC is providing information in support of its "Order Approving Transfer of Licenses to FirstEnergy Nuclear Generation Corp." The Proprietary Version of the financial *pro forma* statements being provided in this enclosure contain information related to anticipated revenues from sales of energy and capacity from Beaver Valley Power Station, Units 1 & 2, Davis-Besse Nuclear Power Station, Unit No. 1, and Perry Nuclear Power Plant, Unit No 1. This document constitutes proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 CFR 2.390(a)(4) and 9.17(a)(4), because:
 - a. This information is and has been held in confidence by FENOC and its affiliates.
 - b. This information is of a type that is held in confidence by FENOC and its affiliates, and there is a rational basis for doing so because the information contains sensitive financial competitive information concerning FENOC's affiliates' anticipated revenues and operating expenses.
 - c. This information is being transmitted to the NRC in confidence.
 - d. This information is not available in public sources and could not be gathered readily from other publicly available information.
 - e. Public disclosure of this information would create substantial harm to the competitive position of FENOC by disclosing its internal financial *pro forma* statements and the commercial terms of a unique transaction to other parties whose commercial interests may be adverse to those of FENOC.

3. Accordingly, FENOC requests that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR 2.390(a)(4) and 9.17(a)(4).

FirstEnergy Nuclear Operating Company

Gary R. Leidich

Gary R. Leidich
President and Chief Nuclear Officer

STATE OF Ohio
COUNTY OF Summit

Subscribed and sworn to before me, a Notary Public, in and for the County and State above named, this 15 day of Aug., 2006

Cathy R. Hudak

My Commission Expires:

~~CATHY HUDAK~~
Notary Public
State of Ohio
My Commission Expires Oct. 17, 2007

