



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

March 31, 2014

Mr. Peter P. Sena, III
President and Chief Nuclear Officer
FirstEnergy Nuclear Operating Company
341 White Pond Drive
Akron, OH 44320

SUBJECT: BEAVER VALLEY POWER STATION, UNIT NO. 1, DAVIS-BESSE NUCLEAR POWER STATION INDEPENDENT SPENT FUEL STORAGE INSTALLATION (ISFSI), PERRY NUCLEAR POWER PLANT, UNIT 1, AND PERRY NUCLEAR POWER PLANT ISFSI – ANNUAL FINANCIAL TEST FOR FIRSTENERGY NUCLEAR OPERATING COMPANY PARENT COMPANY GUARANTEE (TAC NOS. MF1388 AND MF1389)

Dear Mr. Sena:

By letter dated March 29, 2013, FirstEnergy Nuclear Operating Company (FENOC), on behalf of FirstEnergy Corporation (FE), provided a copy of the annual FE financial test that provides assurance that FE can support parent company guarantees (PCGs) associated with the decommissioning funding for Beaver Valley Power Station, Unit 1; Davis-Besse Nuclear Power Station Independent Spent Fuel Storage Installation (ISFSI), Perry Nuclear Power Plant, Unit 1, and Perry Nuclear Power Plant ISFSI. The test was prepared in accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) Part 30, Appendix A, "Criteria Relating to Use of Financial Tests and Parent Company Guarantees for Providing Reasonable Assurance of Funds for Decommissioning," II.A.2. The NRC staff has completed its review of the annual financial test and has concluded that FE meets the criteria in accordance with 10 CFR Part 30, Appendix A, for use of the PCGs in the amount of \$136 million as submitted.

Enclosed is a short synopsis that will assist in reviewing recent history associated with FE's use of PCGs to cover decommissioning funding for the four cited FENOC facilities. This concludes the NRC staff's efforts associated with TAC Nos. MF1388 and MF1389.

Please contact me at (301) 415-4090 if you have any questions.

Sincerely,

A handwritten signature in black ink, reading "Jeffrey A. Whited".

Jeffrey A. Whited, Project Manager
Plant Licensing Branch I-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-334, 72-14, 50-440,
and 72-69

Enclosure:
Communication Synopsis

cc w/encl: Distribution via Listserv

RECENT COMMUNICATION AND DOCUMENTATION REGARDING
FIRSTENERGY NUCLEAR OPERATING COMPANY USE OF PARENT COMPANY
GUARANTEES FOR ASSURING DECOMMISSIONING FUNDING FOR:
BEAVER VALLEY POWER STATION, UNIT 1; DAVIS-BESSE NUCLEAR POWER STATION
INDEPENDENT SPENT FUEL STORAGE INSTALLATION, PERRY NUCLEAR POWER
PLANT, UNIT 1 AND PERRY NUCLEAR POWER PLANT INDEPENDENT SPENT FUEL
STORAGE INSTALLATION

- **December 17, 2012,**¹ letter from FirstEnergy Nuclear Operating Company (FENOC) to the U.S. Nuclear Regulatory Commission (NRC)

Subject: Replacement of Parental Company Guaranty (PCG)

FENOC proposed to provide a "... replacement \$95 million parental guaranty dated December 17, 2012, effective upon the cancellation of the December 19, 2011, parental guaranty..."

FirstEnergy (FE) and FENOC had previously documented the cancellation of a \$15 million PCG (between FE and FENOC) dated March 4, 2010, and a \$95 million PCG dated June 14, 2011, which never took effect.

- **March 25, 2013,**² letter from FENOC to NRC

Subject: Submittal of the Decommissioning Funding Status Reports for Beaver Valley Power Station, Unit Nos. 1 and 2, Davis-Besse Nuclear Power Station, and Perry Nuclear Power Plant

FENOC submitted the Decommissioning Funding Status Report for Beaver Valley Power Station, Units 1 and 2, Davis-Besse Nuclear Power Station, and Perry Nuclear Power Plant. FENOC states, in part, that:

FirstEnergy Nuclear Operating Company (FENOC) recognizes that a shortfall exists for FirstEnergy Nuclear Generation, LLC, when the existing trust balances and assumed earnings are compared with the NRC formula amount calculated in Item 1, above. When the Beaver Valley Power Station, Unit No. 1, portion of an existing \$95 million Parent Guarantee is included in the calculation, the remaining shortfall is \$14,112,255. To resolve the shortfall, FENOC will obtain a Parent

¹ Agencywide Documents Access and Management System (ADAMS) Accession No. ML12363A037.

² ADAMS Accession No. ML13084A374.

Enclosure

Guarantee in accordance with 10 CFR 50.75(b)(2) and (b)(3) within 90 days of the date of this submittal.

- **March 28, 2013,**³ letter from NRC to FENOC

Subject: Beaver Valley Power Station, Unit Nos. 1 and 2; and Perry Nuclear Power Plant, Unit No. 1 – Request for Additional Information RE: Parental Guaranty

The NRC requested updates and additions to the PCG proposed in their December 17, 2012, communication to the NRC.

- **March 29, 2013,**⁴ letter from FENOC to NRC

Subject: Annual Financial Test for a Parent Company Guarantee

FENOC submitted its annual financial test for PCG(s) of \$136 million. FENOC states, in part, that:

The PGs include an \$11 million PG [parent guarantee] for the ISFSIs and a \$95 million PG for the power plants. The test also provides assurance for a \$125 million replacement PG for the current \$95 million PG for the power plants. The \$125 million replacement PG is expected to be in place by the end of the second quarter 2013.

Note: \$11 million for ISFSIs plus \$125 million for power plants equals \$136 million.

- **June 18, 2013,**⁵ letter from FENOC to NRC

Subject: Response to Request for Additional Information on Parental Guaranty and Submittal of Amended and Restated Parental Guaranty

FENOC submitted finalized (updated) PCG of \$125 million following the NRC's Request for Additional Information, dated March 28, 2013.

FENOC stated, in part, that:

The amended and restated \$125 million parental guaranty replaces the existing \$95 million parental guaranty. The amended and restated \$125 million parental guaranty will come into force effective 30 days after this written notice to the NRC.

3 ADAMS Accession No. ML13086A244.

4 ADAMS Accession No. ML13091A057.

5 ADAMS Accession No. ML13169A262.

- **June 18, 2013,**⁶ letter from FENOC to NRC

Subject: Amended and Restated Parental Guaranty for Independent Spent Fuel Storage Installation

FENOC submitted finalized \$11 million ISFSI PCG.

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Enclosed is a short synopsis that will assist in reviewing recent history associated with FE's use of PCGs to cover decommissioning funding for the four cited FENOC facilities. This concludes the NRC staff's efforts associated with TAC Nos. MF1388 and MF1389.

Please contact me at (301) 415-4090 if you have any questions.

Sincerely,
/RA/

Jeffrey A. Whited, Project Manager
Plant Licensing Branch I-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-334, 72-14, 50-440,
and 72-69

Enclosure:
Communication Synopsis

cc w/encl: Distribution via Listserv

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EBrown, NRR
RidsNrrDorlLpl1-2 Resource
M. Sampson, NMSS

ADAMS Accession No.: ML14085A337

***via memo dated 3/14/2014**

****via email**

OFFICE	LPL1-2/PM	LPL1-2/LA**	IFIB/BC*	LPL3-2/PM	LPL3-2/BC	LPL1-2/BC	LPL1-2/PM
NAME	JWhited	ABaxter	AKock	EBrown	TTate	MKhanna	JWhited
DATE	03/27/2014	03/27/2014	03/14/2014	03/27/2014	03/28/2014	03/31/2014	03/31/2014

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