

March 28, 2014
L-14-122

10 CFR 30

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

SUBJECT:
Beaver Valley Power Station, Unit No. 1
Docket No. 50-334, License No. DPR-66
Beaver Valley Power Station ISFSI
Docket No. 72-1043
Davis-Besse Nuclear Power Station ISFSI
Docket No. 72-14
Perry Nuclear Power Plant
Docket No. 50-440, License No. NPF-58
Perry Nuclear Power Plant ISFSI
Docket No. 72-69
Annual Financial Test for a Parent Company Guarantee

Enclosed is a copy of the annual FirstEnergy Corp. (FE) financial test that provides assurance that FE can support parent company guarantees (PGs) associated with the decommissioning funding for Beaver Valley Power Station, Unit No. 1 (BVPS-1); Davis-Besse Nuclear Power Station (DBNPS) Independent Spent Fuel Storage Installation (ISFSI); Perry Nuclear Power Plant (PNPP); and Perry Nuclear Power Plant ISFSI. The test was prepared in accordance with 10 CFR 30, Appendix A, "Criteria Relating to Use of Financial Tests and Parent Company Guarantees for Providing Reasonable Assurance of Funds for Decommissioning." The PGs include a \$11 million PG for the DBNPS and PNPP ISFSIs and a \$125 million PG for BVPS-1 and PNPP. The test also provides assurance for a \$155 million replacement PG for the current \$125 million PG for the power plants, and a new \$9.5 million PG for the Beaver Valley Power Station (BVPS) ISFSI. The \$155 million replacement PG for BVPS-1 and PNPP, and the \$9.5 million BVPS ISFSI PG are expected to be in place by the end of the second quarter 2014.

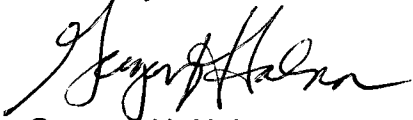
This submittal provides the requisite 30-day notification to the Nuclear Regulatory Commission regarding amending the \$125 million PG in accordance with Section 14 of the PG.

Beaver Valley Power Station, Unit No. 1
Beaver Valley Power Station ISFSI
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The enclosure also includes a report by the FE independent accountants of their review of the FE financial test.

There are no regulatory commitments contained in this submittal. If there are any questions or if additional information is required, please contact Mr. Thomas A. Lentz, Manager – Fleet Licensing, at (330) 315-6810.

Sincerely,



Gregory H. Halnon
Director, Fleet Regulatory Affairs

Enclosure:

FirstEnergy Corp. Parent – Guarantee of Funds for Decommissioning:
Letter from Chief Financial Officer to Demonstrate Financial Assurance

cc: NRC Region I Administrator
NRC Region III Administrator
NRC Resident Inspector (Beaver Valley)
NRC Resident Inspector (Davis-Besse)
NRC Resident Inspector (Perry)
NRC Project Manager (Beaver Valley)
NRC Project Manager (Davis-Besse)
NRC Project Manager (Perry)
Director BRP/DEP
Site BRP/DEP Representative
Utility Radiological Safety Board

March 28, 2014

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Washington, DC 20555-0001

Subject: FirstEnergy Corp. Parent – Guarantee of Funds for Decommissioning:
Letter from Chief Financial Officer to Demonstrate Financial Assurance

I am the Senior Vice President and Chief Financial Officer of FirstEnergy Corp., 76 South Main Street, Akron Ohio 44308, an Ohio corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 50 and CFR Part 72.

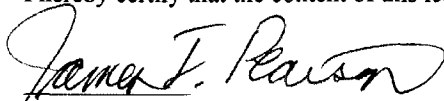
This firm is qualified to provide parent company guarantees, up to \$175.5 million for the decommissioning costs of the following facilities owned or operated by subsidiaries of this firm. The current cost estimate and the amount to be guaranteed are shown for the following facilities:

Name of Facility	Location of Facility	Current Cost Estimates	Amount to be Guaranteed
Beaver Valley Power Station, Unit No. 1 License No. DPR-66	Shippingport, PA	\$ 510,139,000	\$ 90,000,000
Perry Nuclear Power Plant License No. NPF-58	Perry, OH	\$ 682,020,000	\$ 65,000,000
Davis-Besse Nuclear Power Station Independent Spent Fuel Storage Installation Docket No. 72-14	Oak Harbor, OH	\$ 4,639,427	\$ 4,700,000
Perry Nuclear Power Plant Independent Spent Fuel Storage Installation Docket No. 72-69	Perry, OH	\$ 6,077,790	\$ 6,300,000
Beaver Valley Power Station Independent Spent Fuel Storage Installation Docket No. 72-1043	Shippingport, PA	\$ 9,104,297	\$ 9,500,000

FirstEnergy Corp. is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of FirstEnergy Corp. ends on December 31st. The figures for the following items (Financial Test II: Alternative II) marked with double asterisks are derived from FirstEnergy Corp.'s independently audited, year-end financial statements and footnotes for the latest completed fiscal year ending December 31, 2013.

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



James F. Pearson
Senior Vice President and Chief Financial Officer, FirstEnergy Corp.
March 28, 2014

FINANCIAL TEST: ALTERNATIVE II
(10 CFR part 30 App. A. Section II A.2.)
FirstEnergy Corp. Parent Guarantee of Funds for Decommissioning
Dollars in Millions

- | | | | | |
|---|--|--------------------------|-----------|--|
| 1. Guaranteed amount for the following Units: | \$ | 175.5 | | |
| Beaver Valley Power Station, Unit No. 1, License No. DPR-66 | | | | |
| Beaver Valley Power Station, ISFSI | | | | |
| Perry Nuclear Power Plant, License No. NPF-58 | | | | |
| Davis-Besse Nuclear Power Station, ISFSI | | | | |
| Perry Nuclear Power Plant, ISFSI | | | | |
| | | | | |
| 2. Current bond rating of most recent unsecured issuance of this firm | | | | |
| Rating | | Baa3 | | |
| Name of Rating Service | | Moody's | | |
| | | | | |
| 3. Date of issuance of bond | | 3/5/2013 | | |
| | | | | |
| 4. Date of maturity of bond | | 3/15/2018 &
3/15/2023 | | |
| | | | | |
| **5. Tangible Net Worth | | \$ 2,130 | | |
| | | | | |
| *6. Total assets in the United States (required only if less than 90 percent of firm's assets are located in the United States) | | See line 9 below | | |
| | <table border="0" style="display: inline-table;"> <tr> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>No</u></td> </tr> </table> | <u>Yes</u> | <u>No</u> | |
| <u>Yes</u> | <u>No</u> | | | |
| 7. Is Line 5 at least \$21 million? | X | | | |
| 8. Is line 5 at least 6 times line 1? | X | | | |
| 9. Are at least 90 percent of the firm's assets located in the United States?
If not, complete line 10. | X | | | |
| 10. Is line 6 at least 6 times line 1? | N/A | | | |
| 11. Is the rating specified on line 2 "BBB" or better (if issued by Standard and Poor's) or "Baa" or better (if issued by Moody's)? | X | | | |

* Denotes figures derived from financial statements.

** Tangible Net Worth is defined as FirstEnergy Corp. total equity minus goodwill, patents, trademarks and copyrights; and FirstEnergy Corp.'s net book value for Beaver Valley Power Station, Unit No. 1 and 2, Perry Nuclear Power Plant and Davis-Besse Nuclear Power Station.

FIRSTENERGY CORP.
YEAR ENDED DECEMBER 31, 2013
Dollars in Millions

<u>Line Number in CFO's Letter</u>	<u>Per Financial Statements</u>
Total Equity	\$ 12,695
Less: Goodwill, Patents, Trademarks and Copyrights	\$ 6,447
Other Intangible Assets	\$ 588
Net Book Value Beaver Valley Power Station, Unit No. 1	\$ 407
Net Book Value Beaver Valley Power Station, Unit No. 2	\$ 1,172
Net Book Value Perry Nuclear Power Plant	\$ 1,144
Net Book Value Davis-Besse Nuclear Power Station	\$ 807
5 – Tangible Net Worth	<u>\$ 2,130</u>



Report of Independent Accountants

To FirstEnergy Corp.:

We have performed the procedures enumerated below, which were agreed to by management of FirstEnergy Corp. (the Company) solely to assist you in evaluating the Company's compliance with the financial test as of December 31, 2013 performed in accordance with the U.S. Nuclear Regulatory Commission (the "NRC") Regulations 10 C.F.R. Section 50.75(e)(1)(iii)(B) and 10 C.F.R. Section 72.30(e)(2) as mandated by the Parent Company Guarantees. Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

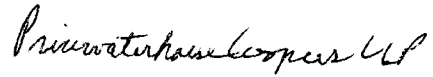
For the purpose of this report, we have:

1. Read the letter, dated March 28, 2014, from your Senior Vice President and Chief Financial Officer to the NRC regarding the \$175.5 million Parental Guarantees and performed the following procedures, which were applied as explained below:
 - A. Traced and agreed the amounts in the column "Per Financial Statements", to a schedule prepared by the Company from its audited financial statements noting no differences.
 - B. Traced and agreed the amount in the column "Per CFO's Letter" to line item #5 in the Company's Financial Test: Alternative II.
 - C. Recomputed the Tangible Net Worth by subtracting the Company's goodwill, patents, trademarks, copyrights; and FirstEnergy Corp.'s net book value of Beaver Valley Power Station, Unit No. 1 and 2, Davis-Besse Nuclear Power Station and Perry Nuclear Power Plant from the Company's stockholders' equity noting no differences.
 - D. Inquired of the Vice President, Controller and Chief Accounting Officer regarding whether any off balance sheet transactions exist that could materially adversely affect the ability of the Company to pay decommissioning costs. He responded that all material off-balance sheet transactions have been disclosed in the Company's financial statements as filed in its 2013 Annual Report on Form 10-K, and he does not believe that any of the off-balance sheet transactions will materially adversely affect the Company's ability to pay decommissioning costs. We did not perform any further procedures to substantiate management's response.
 - E. We compared the bond ratings per line 2 of the Letter to information obtained as of March 28, 2014 from an external, publicly available source as follows:

Rating per line 2 of the Letter	Rating per external source	External Source
Baa3	Baa3	Moody's

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Company and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP
March 28, 2014