

July 16, 2015

MEMORANDUM TO: Benjamin G. Beasley, Chief  
Plant Licensing Branch III-2  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

FROM: Anthony Bowers, Chief **/RA VRodriguez For/**  
Financial Analysis and International Projects Branch  
Division of Inspection and Regional Support  
Office of Nuclear Reactor Regulation

SUBJECT: ANNUAL FINANCIAL TEST FOR A PARENT COMPANY  
GUARANTEE GIVEN BY FIRSTENERGY SOLUTIONS  
CORPORATION AND FIRSTENERGY CORPORATION

The Financial Analysis and International Projects Branch has completed the annual assessment of the Parent Company Guarantee provided by FirstEnergy Corporation and FirstEnergy Solutions Corporation in compliance with Title 10 of the *Code of Federal Regulations* (10 CFR) Part 30, Appendix A.

This effort was done in association with the current Biennial Decommissioning Funding Report Review under TACs MF5933, MF5954, and MF5997. These TACs will be closed upon the conclusion of the current Biennial Decommissioning Funding Report Review.

If you have any questions regarding this review please feel free to contact Michael A. Dusaniwskyj at 301-415-1260.

Docket Nos. 50-334  
72-1043  
72-014  
50-440  
72-69

CONTACT: Michael A. Dusaniwskyj, NRR/DIRS  
301-415-1260

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DATE	07/01/2015	07/16/2015

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**SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION**  
**ANNUAL FINANCIAL TEST FOR A PARENT COMPANY GUARANTEE GIVEN BY**  
**FIRSTENERGY SOLUTIONS CORPORATION**  
**AND**  
**FIRSTENERGY CORPORATION**  
**BEAVER VALLEY POWER STATION, UNIT No. 1; DOCKET 50-334**  
**BEAVER VALLEY POWER STATION INDEPENDENT SPENT FUEL STORAGE**  
**INSTALLATION (ISFSI); DOCKET No. 72-1043**  
**DAVIS-BESSE NUCLEAR POWER STATION ISFSI; DOCKET No. 72-14**  
**PERRY NUCLEAR POWER PLANT; DOCKET No. 50-440**  
**PERRY NUCLEAR POWER PLANT ISFSI; DOCKET No. 72-69**

1.0 INTRODUCTION:

By letter dated March 31, 2015 (Agencywide Documents Access and Management System (ADAMS) Accession No. M15090A441), FirstEnergy Nuclear Operating Company (FENOC) provided data to support the U.S. Nuclear Regulatory Commission's (NRC's) the annual financial test in support of its corporate subsidiaries, (FirstEnergy Corporation and FirstEnergy Solutions Corporation) Parent Company Guarantee (PCG) 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." In addition, 10 CFR Part 30, Appendix A(C)(1) states that "after the initial financial test, the parent company must repeat the passage of the test within 90 days after the close of each succeeding fiscal year."

The Ohio Edison Company and The Toledo Edison Company obtained a PCG from their parent, FirstEnergy Corporation (FE), for obligations associated with the decommissioning of the Beaver Valley Power Station and its associated Independent Spent Fuel Storage Installation (ISFSI), and the Perry Nuclear Power Plant ISFSI. The FirstEnergy Nuclear Generation LLC, obtained two PCGs from its parent, FirstEnergy Solutions Corporation, for its decommissioning obligations; one PCG is for the decommissioning obligations associated with Beaver Valley Power Station, Unit 1, and Perry Nuclear Power Plant. The second PCG is associated with Beaver Valley Power Station ISFSI, Davis-Besse Nuclear Power Station ISFSI, and the Perry Nuclear Power Plant ISFSI.

The financial test provides assurance that FirstEnergy Solutions Corporation can continue maintaining \$175.5 million in PCG coverage for decommissioning funding assurance for the units as listed below. The \$175.5 million figure is the total value combination of five separate PCG:

Enclosure

<u>UNIT</u>	<u>Parent Company Guarantee</u>
Beaver Valley Power Station, Unit No. 1	\$90,000,000
Perry Nuclear Power Plant	\$65,000,000
Davis-Besse Nuclear Power Station ISFSI	\$ 6,000,000
Perry Nuclear Power Plant ISFSI	\$ 7,500,000
Beaver Valley Power Station ISFSI	<u>\$ 7,000,000</u>
TOTAL:	\$175,500,000

Another financial test provides assurance that FirstEnergy Corporation can continue maintaining \$4.0 million in PCG coverage for decommissioning funding assurance for the units as listed below. The \$4.0 million figure is the total combined value of two separate PCGs:

<u>UNIT</u>	<u>Parent Company Guarantee</u>
Perry Nuclear Power Plant	\$1,750,000
Beaver Valley Power Station ISFSI	<u>\$2,250,000</u>
TOTAL:	\$4,000,000

## 2.0 ANALYSIS:

In its March 31, 2015, submittal, FirstEnergy Corporation and FirstEnergy Solutions Corporation conducted the financial test in accordance with 10 CFR Part 30, Appendix A, Section II(A)(2). Both FirstEnergy Corporation and FirstEnergy Solutions Corporation provided all the necessary information associated with the test including a report of its Independent Accountants, PricewaterhouseCoopers LLP.

Fundamental to the financial test is the determination that FirstEnergy Corporation and FirstEnergy Solutions Corporation each have tangible net worth that is at least six times the value of the PCG obligations. FirstEnergy Corporation has a tangible net worth of \$3,017 million against total PCG of \$4.0 million rendering a ratio of 754, which is greater than 6 which is the minimum required in the financial test. FirstEnergy Solutions Corporation has a tangible net worth of \$1,444 million against total PCG of \$175.5 million rendering a ratio of 8, which is greater than 6, which is the minimum required in the financial test.

## 3.0 CONCLUSION:

The NRC staff finds that FirstEnergy Corporation and FirstEnergy Solutions Corporation each have complied with the requirements of 10 CFR Part 30, Appendix A, and specifically provided the information required in 10 CFR Part 30 Appendix A(C)(1). The NRC staff also finds that FirstEnergy Corporation and FirstEnergy Solutions Corporation have submitted the necessary information within 90 days after the close of the succeeding fiscal year. FirstEnergy Corporation and FirstEnergy Solutions Corporation successfully repeated the annual passage of the test.

Principal Contributor: Michael A. Dusaniwskyj

Date: July 1, 2015