

March 23, 2016
L-16-053

10 CFR 50.75

ATTN: Document Control Desk
Director, Division of Spent Fuel Management
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-001

SUBJECT:
Beaver Valley Power Station ISFSI
Docket No. 72-1043
Davis-Besse Nuclear Power Station ISFSI
Docket No. 72-014
Perry Nuclear Power Plant ISFSI
Docket No. 72-69
Annual Financial Test for a Parent Company Guarantee

The Ohio Edison Company (OE) and The Toledo Edison Company (TE) obtained a parent company guarantee (PG) from their parent, FirstEnergy Corp. (FE) for obligations associated with the decommissioning of the Beaver Valley Power Station (BVPS) and the Perry Nuclear Power Plant (PNPP) independent spent fuel storage installations (ISFSIs). The FirstEnergy Nuclear Generation, LLC (FENGen) obtained a PG from its parent, FirstEnergy Solutions Corp. (FES), for its decommissioning obligations associated with the BVPS ISFSI, Davis-Besse Nuclear Power Station (DBNPS) ISFSI, and the PNPP ISFSI.

Enclosure A is a copy of the annual FE financial test that provides assurance that FE can support the existing \$4 million dollar PG for the OE and TE ISFSI decommissioning obligations. Enclosure B is a copy of the annual FES financial test that provides assurance that FES can support the existing \$20.5 million dollar PG for the FENGen ISFSI decommissioning obligations. Each enclosure also includes a report by independent accountants of their review of the financial tests.

Beaver Valley Power Station ISFSI
Davis-Besse Nuclear Power Station ISFSI
Perry Nuclear Power Plant ISFSI
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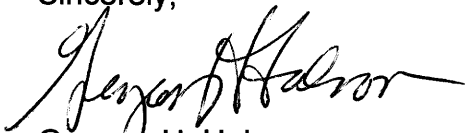
The tests were prepared in accordance with 10 CFR 30, Appendix A, "Criteria Relating to Use of Financial Tests and Parent Company Guarantees for Providing Reasonable Assurance of Funds for Decommissioning."

By letter dated June 30, 2015 (Accession No. ML15181A366), the FirstEnergy Nuclear Operating Company (FENOC), on behalf of FENGen and OE, submitted a request to transfer the OE leased interest in PNPP to FENGen, resulting in FENGen being the sole owner of PNPP. Since PNPP is owned by both FENGen and OE, the current PNPP ISFSI decommissioning cost is split between FENGen and OE. As such, the FE (parent of OE) and FES (parent of FENGen) financial tests, which support the PGs for the PNPP ISFSI, reflect their applicable ownership share of the current PNPP ISFSI decommissioning cost. Upon implementation of the transfer, FENGen will assume the entire PNPP ISFSI decommissioning obligation. Enclosure B, which contains the FES financial test, demonstrates FES's ability to support a guarantee for the entire PNPP ISFSI decommissioning obligation. The PG would increase from \$20.5 million dollars to \$21.5 million dollars. The replacement FES PG for the FENGen ISFSI decommissioning obligations is expected to be in place by the end of the third quarter 2016.

This submittal provides the requisite 30-day notification to the Nuclear Regulatory Commission (NRC) regarding amending the FES \$20.5 million PG in accordance with Section 14 of the PG.

There are no regulatory commitments contained in this letter. 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,

A handwritten signature in black ink, appearing to read "Gregory H. Halnon", written over a horizontal line.

Gregory H. Halnon
Vice President, Regulatory Affairs and Laboratory Services

Beaver Valley Power Station ISFSI
Davis-Besse Nuclear Power Station ISFSI
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Enclosures:

- A. Financial Test and Certification for FirstEnergy Corp.
- B. Financial Test and Certification for FirstEnergy Solutions Corp.

cc: NRC Region I Administrator
NRC Region III Administrator
NRC Resident Inspector (BVPS)
NRC Resident Inspector (DBNPS)
NRC Resident Inspector (PNPP)
NRC Project Manager (BVPS)
NRC Project Manager (DBNPS)
NRC Project Manager (PNPP)
NRC Project Manager (Fleet)
Director BRP/DEP
Site BRP/DEP Representative
Utility Radiological Safety Board

Enclosure A
L-16-053

Financial Test and Certification for FirstEnergy Corp.
(Five pages follow)



76 South Main Street
Akron, Ohio 44308

James F. Pearson
Executive Vice President
and Chief Financial Officer

330-384-5855
Fax: 330-761-4179

March 18, 2016

ATTN: Document Control Desk
Director, Division of Spent Fuel Management
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-001

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

I am the Executive 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 \$4 million for the decommissioning costs for the portions of the following facilities owned 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
Perry Nuclear Power Plant Independent Spent Fuel Storage Installation Docket No. 72-69	Perry, OH	\$ 1,020,224	\$ 1,750,000
Beaver Valley Power Station Independent Spent Fuel Storage Installation Docket No. 72-1043	Shippingport, PA	\$ 1,643,283	\$ 2,250,000

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, 2015.

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

James F. Pearson
Executive Vice President and Chief Financial Officer, FirstEnergy Corp.
March 18, 2016

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

1. Guaranteed amount for the following Units: Perry Nuclear Power Plant, ISFSI Beaver Valley Power Station, ISFSI	\$ 4.0
2. Current bond rating of most recent unsecured issuance of this firm Rating Name of Rating Service	Baa3 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	\$ 3,081
*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
	<div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;"><u>Yes</u></div> <div style="text-align: center;"><u>No</u></div> </div>
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, and Perry Nuclear Power Plant.

FIRSTENERGY CORP.
YEAR ENDED DECEMBER 31, 2015
Dollars in Millions

<u>Line Number in CFO's Letter</u>	<u>Per Financial Statements</u>
Total Equity	\$ 12,422
Less: Goodwill, Patents, Trademarks and Copyrights	6,418
Other Intangible Assets	331
Net Book Value Beaver Valley Power Station, Unit No. 1 & 2	1,369
Net Book Value Perry Nuclear Power Plant	<u>1,223</u>
5 – Tangible Net Worth	<u>\$ 3,081</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, 2015 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 18, 2016, from your Executive Vice President and Chief Financial Officer to the NRC regarding the \$4 million Parental Company 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.
 - 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, and Perry Nuclear Power Plant from the Company's stockholders' equity.
 - 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 2015 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 18, 2016 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
March 18, 2016

Enclosure B
L-16-053

Financial Test and Certification for FirstEnergy Solutions Corp.
(Five pages follow)



76 South Main Street
Akron, Ohio 44308

James F. Pearson
Executive Vice President
and Chief Financial Officer

330-384-5855
Fax: 330-761-4179

March 18, 2016

ATTN: Document Control Desk
Director, Division of Spent Fuel Management
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-001

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

I am the Executive Vice President and Chief Financial Officer of FirstEnergy Solutions Corp., 341 White Pond Drive, Akron Ohio 44320, 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 \$21.5 million for the decommissioning costs for the portions of the following facilities owned by subsidiaries of this firm. The current cost estimate and the amount to be guaranteed for the portions of the facilities owned are shown as follows:

Name of Facility	Location of Facility	Current Cost Estimates	Amount to be Guaranteed
Davis-Besse Nuclear Power Station Independent Spent Fuel Storage Installation Docket No. 72-014	Oak Harbor, OH	\$ 5,638,784	\$ 6,000,000
Perry Nuclear Power Plant Independent Spent Fuel Storage Installation Docket No. 72-69	Perry, OH	\$ 7,089,665	\$ 8,500,000
Beaver Valley Power Station Independent Spent Fuel Storage Installation Docket No. 72-1043	Shippingport, PA	\$ 6,590,802	\$ 7,000,000

FirstEnergy Solutions 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 Solutions Corp. ends on December 31st. The figures for the following items (Financial Test II: Alternative II) marked with double asterisks are derived from FirstEnergy Solutions Corp.'s independently audited, year-end financial statements and footnotes for the latest completed fiscal year ending December 31, 2015.

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

James F. Pearson
Executive Vice President and Chief Financial Officer, FirstEnergy Solutions Corp.
March 18, 2016

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

1. Guaranteed amount for the following Units:	\$ 21.5		
Beaver Valley Power Station, ISFSI			
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	8/7/2009		
4. Date of maturity of bond	8/15/2021 & 8/15/2039		
**5. Tangible Net Worth	\$ 1,453		
*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"> <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 Solutions Corp. total equity minus goodwill, patents, trademarks and copyrights; and FirstEnergy Solutions 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 SOLUTIONS CORP.
YEAR ENDED DECEMBER 31, 2015
Dollars in Millions

<u>Line Number in CFO's Letter</u>	<u>Per Financial Statements</u>
Total Equity	\$ 5,605
Less: Goodwill, Patents, Trademarks and Copyrights	23
Other Intangible Assets	84
Net Book Value Beaver Valley Power Station, Unit No. 1 & 2	1,639
Net Book Value Davis-Besse Nuclear Power Station	1,177
Net Book Value Perry Nuclear Power Plant	<u>1,229</u>
5 – Tangible Net Worth	<u>\$ 1,453</u>



Report of Independent Accountants

To FirstEnergy Solutions Corp.:

We have performed the procedures enumerated below, which were agreed to by management of FirstEnergy Solutions Corp. (the "Company") solely to assist you in evaluating the Company's compliance with the financial test as of December 31, 2015 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 18, 2016, from your Executive Vice President and Chief Financial Officer to the NRC regarding the \$21.5 million Parental Company 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.
 - 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 Solutions 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.
 - 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 2015 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 18, 2016 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
March 18, 2016