



341 White Pond Drive  
Akron, Ohio 44320

**Darin M. Benyak**  
*Vice President, Nuclear Support and Regulatory Affairs*

August 29, 2019  
L-19-200

10 CFR 50.80  
10 CFR 50.90  
10 CFR 72.50

U.S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, D.C. 20555

**SUBJECT:**

Beaver Valley Power Station, Unit Nos. 1 and 2  
Docket No. 50-334, License No. DPR-66  
Docket No. 50-412, License No. NPF-73  
Beaver Valley Power Station, Unit Nos. 1 and 2, ISFSI  
Docket No. 72-1043

Davis-Besse Nuclear Power Station, Unit No. 1  
Docket No. 50-346, License No. NPF-3  
Davis-Besse Nuclear Power Station, Unit No. 1 ISFSI  
Docket No. 72-14

Perry Nuclear Power Plant, Unit No. 1  
Docket No. 50-440, License No. NPF-58  
Perry Nuclear Power Plant, Unit No. 1 ISFSI  
Docket No. 72-69

Supplement to Application for Order Consenting to Transfer of Licenses and Conforming License Amendments (EPID-L-2019-LLM-0000)

By letter dated April 26, 2019 (Accession No. ML19116A087), as supplemented by letters dated May 31, 2019 (Accession No. ML19151A531), and August 2, 2019 (Accession No. ML19214A100), FirstEnergy Nuclear Operating Company (FENOC), acting on behalf of itself and FirstEnergy Nuclear Generation, LLC (together, the Applicants), submitted an application (Application) to the Nuclear Regulatory Commission (NRC) for transfer of control of Beaver Valley Power Station, Unit Nos. 1 and 2 (BVPS-1, BVPS-2, or collectively as BVPS); Davis-Besse

~~CONFIDENTIAL FINANCIAL INFORMATION TO BE WITHHELD FROM PUBLIC  
DISCLOSURE PURSUANT TO 10 CFR 2.390 AND 10 CFR 9.17~~

Beaver Valley Power Station, Unit Nos. 1 and 2  
Beaver Valley Power Station Independent Spent Fuel Storage Installation  
Davis-Besse Nuclear Power Station, Unit No. 1  
Davis-Besse Nuclear Power Station Independent Spent Fuel Storage Installation  
Perry Nuclear Power Plant, Unit No. 1  
Perry Nuclear Power Plant Independent Spent Fuel Storage Installation  
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Nuclear Power Station, Unit No. 1 (DBNPS); and Perry Nuclear Power Plant, Unit No. 1 (PNPP); and their respective generally licensed independent spent fuel storage installation facilities (ISFSIs) (collectively referred to as the Facilities). The transaction described in the Application would result in the transfer of control of the Applicants to a newly created ultimate parent company, referred to as New HoldCo, which would be a separate legal entity from the current ultimate parent company, FirstEnergy Corp. As described in the Application, the transfer of control would facilitate the Applicants' emergence from bankruptcy.

The Applicants at this time are updating the Application to incorporate (i) recent developments regarding the operating plans for DBNPS and PNPP following passage of Ohio legislation, (ii) changes to the planned corporate structure of the New HoldCo organization, and (iii) updates in the expected ownership share percentages of New HoldCo.

Concerning the Applicants' operating plans, the Application presumed the permanent cessation of power operations of BVPS, DBNPS, and PNPP in accordance with the timeline provided by FENOC in its April 25, 2018 certification to the NRC (Accession No. ML18115A007). However, as also described in the Application, the Applicants and their affiliates have been exploring options to operate the Facilities beyond the planned deactivation dates in the event of legislative support or meaningful market reforms, and that if such a scenario arose, the Applicants would notify the NRC and supplement the Application as appropriate.

On July 23, 2019, the State of Ohio enacted Ohio House Bill 6, creating the Nuclear Generation Fund. Under this program, any nuclear power plant certified as a qualifying nuclear resource may apply to the Ohio Air Quality Development Authority to receive nuclear resource credits from the Nuclear Generation Fund, valued up to \$9 per megawatt hour (MWh), with a total program-wide annual revenue cap of approximately \$150,000,000. DBNPS and PNPP are expected to qualify as a nuclear resource under this program. Under Ohio House Bill 6, nuclear resource credits begin accruing in 2020 and continue

Enclosure C to this letter contains confidential financial information. Withhold from public disclosure pursuant to 10 CFR 2.390 and 10 CFR 9.17.  
Upon removal of Enclosure C, this letter is uncontrolled.

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Perry Nuclear Power Plant, Unit No. 1  
Perry Nuclear Power Plant Independent Spent Fuel Storage Installation  
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through 2026. The compensation anticipated from the Nuclear Generation Fund program materially alters the financial projections for the two units. As a result, by letter dated July 26, 2019 (Accession No. ML19207A097), the Applicants informed the NRC of the withdrawal of the certification of cessation of power operations for DBNPS and PNPP. There are currently no plans to deactivate the two units. Apart from the change in operating plans and the revised financial projections, the decision to continue operations for DBNPS and PNPP does not otherwise affect the Applicants' Plan of Reorganization (Plan) or emergence from bankruptcy.

Unrelated to the above development, on July 23, 2019 the Sixth Amended Joint Plan of Reorganization (Sixth Amended Plan) was filed in the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (Bankruptcy Court), which included a minor amendment to the post-emergence corporate structure for New HoldCo. This change does not materially impact New HoldCo's or the Applicants' technical and financial qualifications following emergence from bankruptcy.

On August 16, 2019, the Seventh Amended Joint Plan of Reorganization was filed in the Bankruptcy Court. The changes described in this Plan amendment do not impact the changes described above that are associated with the Sixth Amended Plan.

Additionally, on August 19, 2019, a Federal Power Act Section 203 application was filed with the Federal Energy Regulatory Commission (FERC). As described in the FERC filing, the two largest shareholders of New HoldCo following the reorganization, Nuveen Asset Management, LLC and Avenue Capital Management II L.P., are expected to have ownership shares of approximately 35 percent and 15 percent, respectively, but no greater than 40 percent and 20 percent, respectively.

As a result, the Applicants are supplementing the Application (Supplement) to incorporate the aforementioned changes. The sections of the Application updated by the Supplement include changes in share ownership percentage, decommissioning funding, and the New HoldCo corporate organizational structure, and are provided in Enclosure A.

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Certain confidential, commercially sensitive financial information is included in Exhibit A, "Anticipated Nuclear Resource Credits for Davis-Besse Nuclear Power Station, Unit No. 1, and Perry Nuclear Power Plant, Unit No. 1," of the Supplement. FENOC requests that this exhibit be withheld from public disclosure pursuant to 10 CFR 2.390 and 10 CFR 9.17. A redacted version of Exhibit A is provided in the publicly available version of the Supplement. The redacted information is identified by the brackets [ ]. An affidavit supporting the request for withholding of proprietary financial information from public disclosure is provided in Enclosure B to this submittal. An unredacted version of Exhibit A, is provided in Enclosure C to this submittal.

As described in the Application, the Applicants submitted the Application to the NRC in advance of the confirmation of the Plan in order to permit the prompt implementation of the Plan upon confirmation by the Bankruptcy Court. NRC approval of the Application is required before the Applicants can reorganize and emerge from bankruptcy. Due to unresolved issues associated with the bankruptcy, confirmation of the Plan has been delayed. Therefore, the Applicants request NRC approval of the Application as soon as practicable following the Applicants' completion of its commitments associated with the Application.

The information provided in this submittal does not invalidate the no significant hazards consideration analysis provided in the April 26, 2019 Application.

A list of regulatory commitments contained in this submittal is provided in Enclosure D. If there are any questions or if additional information is required, please contact Mr. Thomas A. Lentz, Manager, Nuclear Licensing and Regulatory Affairs, at (330) 315-6810.

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I declare under penalty of perjury that the foregoing is true and correct. Executed on  
August 29, 2019.

Sincerely,



Darin M. Benyak

Enclosures:

- A. Supplement to License Transfer Application
- B. Affidavit of Darin M. Benyak Supporting Withholding From Public Disclosure
- C. Proprietary Exhibit A of Supplement to License Transfer Application
- D. List of Regulatory Commitments

cc: Director, NRR (without Enclosure C)  
NRC Region I Administrator (without Enclosure C)  
NRC Region III Administrator (without Enclosure C)  
NRC Project Manager - FENOC Fleet (without Enclosure C)  
NRC Resident Inspector - Beaver Valley Power Station (without Enclosure C)  
NRC Resident Inspector - Davis-Besse Nuclear Power Station (without Enclosure C)  
NRC Resident Inspector - Perry Nuclear Power Plant (without Enclosure C)  
Director BRP/DEP (without Enclosure C)  
Site Representative BRP/DEP (without Enclosure C)  
Branch Chief, Ohio Emergency Management Agency, State of Ohio (NRC  
Liaison) (without Enclosure C)  
Utility Radiological Safety Board (without Enclosure C)

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Enclosure A  
L-19-200

**Supplement to License Transfer Application**

(Thirty-three pages follow)

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**List of Exhibits**

- |           |                                                                                                                                                                                                |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit A | Anticipated Nuclear Resource Credits for Davis-Besse Nuclear Power Station, Unit No. 1, and Perry Nuclear Power Plant, Unit No. 1                                                              |
| Exhibit B | Revised Simplified Corporate Structure Post-Emergence                                                                                                                                          |
| Exhibit C | Updated Decommissioning Funding Status Information for Beaver Valley Power Station Unit Nos. 1 and 2; Davis-Besse Nuclear Power Station, Unit No. 1, and Perry Nuclear Power Plant, Unit No. 1 |
| Exhibit D | Form of Nuclear Power Supply Agreement (Revised)                                                                                                                                               |



## **I. OHIO NUCLEAR GENERATION FUND**

On July 23, 2019, the state of Ohio enacted Ohio House Bill 6, creating a Nuclear Generation Fund for the purpose of compensating qualifying electric generation facilities for their nuclear electric generation. The Nuclear Generation Fund is held in the custody of the Ohio State Treasurer and funded by monthly non-bypassable charges to electric retail customers. The program will be administered by the Ohio Air Quality Development Authority.

Under the new law, operators or owners<sup>1</sup> of “qualifying nuclear resources” will be eligible to receive “nuclear resource credits” for every megawatt hour (MWh) produced. Qualifying nuclear resources are defined as any in-state electric generation facilities fueled by nuclear power. It is anticipated that the Davis-Besse Nuclear Power Station (DBNPS) and the Perry Nuclear Power Plant (PNPP) will qualify as nuclear resources under this program.

Under the program, credits are accrued from 2020 through 2026, and payments are made to qualifying nuclear resources from 2021 through 2027. The value of nuclear resource credits is set by legislation at \$9/MWh. The credit price can be adjusted downwards when electricity market prices exceed a statutorily mandated strike price of \$46/MWh, as calculated through a mechanism set forth under the legislation. Revenues collected from the program are capped at the annual revenue requirement of the Nuclear Generation Fund, equal to approximately \$150,000,000 per year.

Given that DBNPS and PNPP produce a combined average of approximately 17,000,000 MWh per year, the plants are expected to be compensated approximately \$150,000,000 per year through generation of nuclear resource credits (compensation to OwnerCo is expected to reach the annual revenue cap under the program). The nuclear resource credit revenue projections for DBNPS and PNPP, between 2020 and 2024, are provided in Exhibit A. Revenues from nuclear resource credits are anticipated to make continued operation of DBNPS and PNPP economically viable.<sup>2</sup>

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<sup>1</sup> It is currently anticipated that OwnerCo will be the recipient of the nuclear resource credits. However, if an affiliate, such as New HoldCo, were to instead receive the nuclear resource credits under this program, it would not fundamentally change the impact of the legislation on the financial qualifications of the Applicants, or the decision to continue operations for DBNPS and PNPP.

<sup>2</sup> On July 26, 2019, the Applicants withdrew the docketed certifications of permanent cessation of power operations for DBNPS and PNPP (Accession No. ML1907A097). At this time, the Certificate of Permanent Cessation of Power Operations remains unchanged for Beaver Valley Power Station, Unit Nos 1 and 2 (BVPS-1, BVPS-2, or collectively BVPS).

## **II. CHANGES TO THE JOINT PLAN OF REORGANIZATION**

By letter dated April 26, 2019 (Accession No. ML19116A087), FirstEnergy Nuclear Operating Company (FENOC), acting on behalf of itself and FirstEnergy Nuclear Generation, LLC (together, the Applicants), submitted an application (Application) for transfer of control of BVPS, DBNPS, and PNPP and their respective generally licensed independent spent fuel storage installation facilities (ISFSIs) (collectively referred to as the Facilities).<sup>3</sup> The transaction described in the Application would result in the transfer of control of the Applicants to a newly created ultimate parent company, referred to as New HoldCo, which would be a separate legal entity from the current ultimate parent company, FirstEnergy Corp. As described in the Application, the transfer of control would facilitate the Applicants' emergence from bankruptcy.

On July 23, 2019, as part of the bankruptcy proceedings, FirstEnergy Solutions Corp. (FES) and its affiliates (including the Applicants) in bankruptcy filed the Sixth Amended Joint Plan of Reorganization (Sixth Amended Plan) with the Bankruptcy Court.

Under the Sixth Amended Plan, the post-emergence corporate structure of the reorganized companies has been revised. Specifically, New HoldCo will now be the parent company of the reorganized FirstEnergy Solutions Corp. (Reorganized First Energy Solutions, LLC). Reorganized FirstEnergy Solutions, LLC will continue to own and operate its current retail business, which under previous versions of the Plan of Reorganization was to be housed in a new entity referred to as RetailCo.<sup>4</sup> It is anticipated that Reorganized FirstEnergy Solutions, LLC will be a wholly owned subsidiary of New HoldCo and will be a sister company of OpCo and OwnerCo. A revised simplified corporate structure post-emergence is provided in Exhibit B.

This change in organizational structure, post-emergence, does not impact OpCo or OwnerCo. Ownership of the Facilities remains with OwnerCo and responsibility to operate the facilities remains with OpCo.

## **III. UPDATE TO FINANCIAL QUALIFICATIONS ANALYSIS**

As described in the Application, DBNPS would cease operations by May 31, 2020, and PNPP would cease operations by May 31, 2021. Therefore, the OwnerCo pro forma income statements only included data for the time period leading up to the planned cessation of power operations of the units. Given the planned continued operation of DBNPS and PNPP, the financial statements provided with the Application will need to be revised to reflect the Applicants' anticipated operating and financial projections. Additionally, the decision to

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<sup>3</sup> The Application was supplemented prior to Nuclear Regulatory Commission (NRC) acceptance review (Accession No. ML19151A531), and additional information was provided by the Applicants in response to an NRC request for information (Accession No. ML19214A100).

<sup>4</sup> Under the Fourth Amended Plan of Reorganization, which was referenced in the original Application, reorganized FES was to be held by the Plan Administrator and would be separate from New HoldCo. Refer to the Application Page 6.

continue operation of DBNPS and PNPP will result in revisions to New HoldCo's pro forma post-emergence opening balance sheet and opening cash position. This is in part because OwnerCo will purchase fuel in 2019 for the DBNPS refueling outage scheduled for early 2020 and will be making other operating expenditures to facilitate the continued operation of the DBNPS. Due to unresolved issues associated with the bankruptcy, the Applicants' revised anticipated operating and financial projections, and New HoldCo's opening balance sheet and opening cash position may not be finalized before the Plan of Reorganization is confirmed. Therefore, the Applicants' revised anticipated operating and financial projections, and New HoldCo's opening balance sheet and opening cash position will be provided in a supplement to the NRC no later than at confirmation of the Plan of Reorganization by the Bankruptcy Court.

As a result of the additional revenue anticipated to be provided to OwnerCo from nuclear resource credits, the post-emergence nuclear power supply agreement (PSA) has been revised to account for this additional revenue. The PSA also reflects Reorganized FES as the counterparty to the agreement, instead of RetailCo. A revised form of post-emergence PSA is provided as Exhibit D.<sup>5</sup>

The post-emergence PSA, in combination with anticipated revenue from the nuclear resource credits, will cover OwnerCo's annual operating and other costs. Consistent with the original Application, even if the Facilities do not operate as expected post-emergence, OwnerCo will recover its cash costs pursuant to the post-emergence PSA, which requires Reorganized FES (and New HoldCo as a guarantor) to cover the cash costs required by OwnerCo to operate the Facilities in compliance with NRC regulations, regardless of the operating status (that is, operating, refueling outage, or a maintenance shutdown) of the Facilities. Moreover, if there is an unexpected drop in revenue from nuclear resource credits, revenue from the PSA will increase to match the difference and continue to cover the operating costs of the Facilities.

Additionally, the Support Agreement between New HoldCo and OwnerCo, which functions as additional financial assurance for the safe operation of the Facilities, remains unchanged from the Application.

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<sup>5</sup> Apart from modification of the post-emergence PSA to account for the additional revenue from nuclear resource credits and change in the counterparty, the other aspects of the PSA remain unchanged. Reorganized FES's financial obligations under the PSA will still be guaranteed by New HoldCo. The PSA will still become effective at the emergence from bankruptcy, with Reorganized FES purchasing the energy and capacity of the Facilities, including DBNPS and PNPP, for the duration of the agreement.

#### **IV. UPDATE TO DECOMMISSIONING FUNDING STATUS**

As stated earlier, the Applicants have withdrawn the certificates of permanent cessation of power operations for DBNPS and PNPP. As a result, the status of the nuclear decommissioning trusts, the independent spent fuel storage installation decommissioning, and the spent fuel management plans were re-evaluated. Updated information is provided below.

##### **A. Nuclear Decommissioning Trust**

The Application provided the status of the nuclear decommissioning trusts (NDTs) for the Facilities as described in a letter dated March 15, 2019 (Accession No. ML19074A242). The status of the NDTs was based upon December 31, 2018 information. In that letter, FENOC demonstrated sufficient funding for BVPS-2, DBNPS, and PNPP. BVPS-1 had a shortfall that FENOC committed to reconcile by March 31, 2020. By letter dated May 31, 2019, in which FENOC provided a supplement to the Application, FENOC committed to reconcile the BVPS-1 shortfall on or prior to the date the license transfer transaction is consummated.

Due to the revised operating periods of DBNPS and PNPP, the NDTs for the Facilities were updated using June 30, 2019 information. Exhibit C contains the updated NDT information for the Facilities. The DBNPS and PNPP NDTs are considered pre-paid, while the BVPS-2 NDT continues to rely on a site-specific SAFSTOR analysis to provide assurance that there is sufficient funding for decommissioning. A shortfall remains at BVPS-1. However, the shortfall as of June 30, 2019 is reduced from the previously estimated amount using the March 15, 2019 reported information.

FENOC reiterates its commitment to reconcile the shortfall at BVPS-1 using an approved financial assurance method on or prior to the date the license transfer transaction is consummated.

##### **B. Independent Spent Fuel Storage Installation Decommissioning**

The Application provided the decommissioning funding status of the independent spent fuel storage installations for BVPS, DBNPS, and PNPP as described in a letter dated December 17, 2018 (Accession No. ML18351A161). As a result of the withdrawal of the certificates of permanent cessation of power operations for DBNPS and PNPP, the status of the independent spent fuel storage installations' funding was reviewed. It was determined that there were no adverse impacts upon the independent spent fuel storage installations' funding due to the continued operation of DBNPS and PNPP.

### **C. Spent Nuclear Fuel Management Plans**

The Application provided the status of the Irradiated Fuel Management Plans for BVPS-1, BVPS-2, DBNPS, and PNPP as described in a letter dated March 15, 2019 (Accession No. ML19074A244). Since DBNPS and PNPP are no longer deactivating in 2020 and 2021, respectively, the Irradiated Fuel Management Plans for DBNPS and PNPP submitted on March 15, 2019 are no longer applicable. By letter dated August 22, 2019 (Accession No. ML19234A158), FENOC withdrew the Irradiated Fuel Management Plans for DBNPS and PNPP and revised the BVPS-1 and BVPS-2 Irradiated Fuel Management Plans.

### **V. CHANGES IN OWNERSHIP PERCENTAGE**

The Application stated that the two largest equity owners of New HoldCo are expected to be Nuveen Asset Management, LLC (Nuveen) and Avenue Capital Management II L.P. (Avenue). The Application further stated that Nuveen would initially own approximately 30 percent of the New HoldCo shares, while Avenue would initially own approximately 15 percent of the shares. No other entity was identified as expecting to own greater than 5 percent of the shares. Nuveen and Avenue are both domiciled in the United States, and both are investment advisory or management firms that act as investment advisors or fund managers on behalf of certain funds or accounts. They are not themselves the shareholders or investors. Under the governance documents filed publicly as a part of the bankruptcy proceeding, Nuveen is able to designate two members to the New HoldCo Board of Directors (out of a total of eight directors), while Avenue is able to designate one member.

The exact indirect equity ownership percentages that will be held by the Nuveen and Avenue funds and investment accounts at the time of the reorganization and emergence from bankruptcy is not yet known and can be affected by several factors inherent in the transactions involved. However, to keep the NRC advised of current information, the parties provided current estimates in a Federal Power Act Section 203 filing with the Federal Energy Regulatory Commission on August 19, 2019. That filing estimates that the conversion from debt to equity will result in certain funds and accounts managed by Nuveen owning approximately 35 percent of the equity in New HoldCo, but no greater than 40 percent. The conversion from debt to equity will also result in certain funds and accounts managed by Avenue owning approximately 15 percent (consistent with the Application estimate), but no greater than 20 percent of the equity in New HoldCo. Though these estimated share percentages have been revised, there have been no other changes that would give either entity control of New HoldCo or the NRC licensees. At this time, the Applicants' have not identified any other entity that is expected to own greater than 5 percent of the shares of New HoldCo. As previously stated, Nuveen and Avenue are not the direct shareholders or the fund investors. Nuveen and Avenue cannot designate any additional Board members. As a result, neither Nuveen nor Avenue will have effective control of New HoldCo by virtue of equity ownership or governance rights.

## **Exhibit A**

Anticipated Nuclear Resource Credits for  
Davis-Besse Nuclear Power Station, Unit No. 1, and  
Perry Nuclear Power Plant, Unit No. 1

**NON-PROPRIETARY**

(One page follows)

Anticipated Nuclear Resource Credits for  
Davis-Besse Nuclear Power Station, Unit No. 1, and Perry Nuclear Power Plant, Unit No. 1

DBNPS Anticipated Nuclear Resource Credits<sup>1, 2, 3</sup>

	2020	2021	2022	2023	2024
Forecasted MWhs (in thousands)	[ ]	[ ]	[ ]	[ ]	[ ]
Average Realized Price of Nuclear Resource Credit (\$ per MWh)	[ ]	[ ]	[ ]	[ ]	[ ]
Anticipated Nuclear Resource Credits Revenue (\$ millions)	[ ]	[ ]	[ ]	[ ]	[ ]

PNPP Anticipated Nuclear Resource Credits<sup>1, 2, 3</sup>

	2020	2021	2022	2023	2024
Forecasted MWhs (in thousands)	[ ]	[ ]	[ ]	[ ]	[ ]
Average Realized Price of Nuclear Resource Credit (\$ per MWh)	[ ]	[ ]	[ ]	[ ]	[ ]
Anticipated Nuclear Resource Credits Revenue (\$ millions)	[ ]	[ ]	[ ]	[ ]	[ ]

Note:

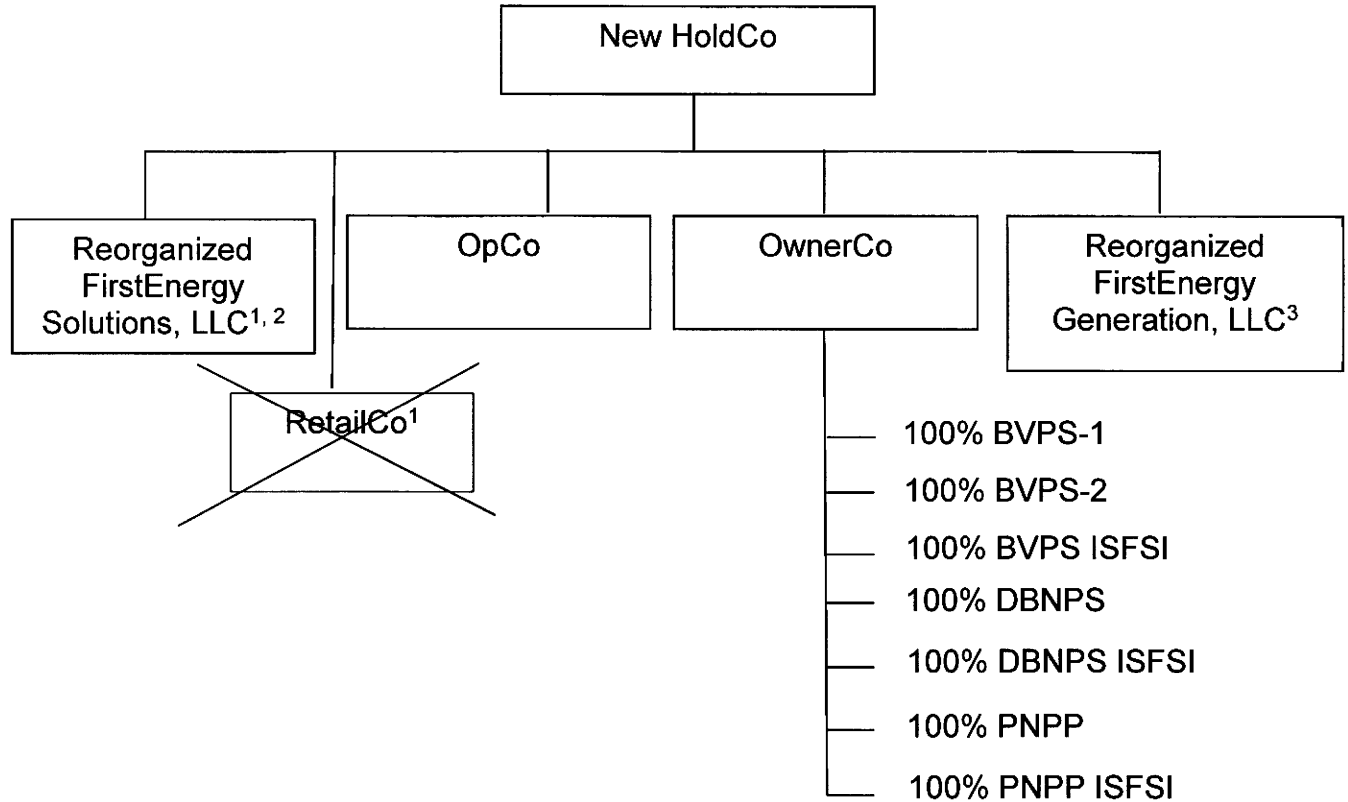
1. Values within [ ] are considered confidential.
2. The table provides the estimated earned revenue by unit from Nuclear Resource Credits from Ohio House Bill 6. The terms of Ohio House Bill 6 have a difference between when a qualifying resource earns versus collects the revenue.
3. Mathematical rounding was performed during the development of the supporting calculations.

## **Exhibit B**

Revised Simplified Corporate Structure Post-Emergence  
(One page follows)



## Revised Corporate Structure for New HoldCo



### Notes:

1. The New HoldCo corporate organizational change.
2. Holds the retail electricity sales business of New HoldCo.
3. This entity owns fossil generation. It will also continue to own its existing subsidiaries.

## **Exhibit C**

Updated Decommissioning Funding Status Information for Beaver Valley Power Station  
Unit Nos. 1 and 2; Davis-Besse Nuclear Power Station, Unit No. 1, and  
Perry Nuclear Power Plant, Unit No. 1  
(Eight pages follow)

## BEAVER VALLEY POWER STATION, UNIT NO. 1

Calculation of Minimum Financial Assurance Amount<sup>1, 5</sup>  
June 30, 2019

Nuclear Decommissioning Trust Balance (After Tax) as of June 30, 2019 = **\$319,354,877**

<u>Pennsylvania Region</u>	<u>Adjustment Factor</u>	<u>Ratio</u>	<u>Escalation Factor<sup>4</sup></u>
Labor (L); Northeast <sup>2</sup>	3.002	0.65	1.951
Energy (E): National <sup>2</sup>	2.271	0.13	0.295
Waste Burial (B): Generic <sup>3</sup>	12.853	0.22	2.828
PWR Escalation Factor <sup>3</sup>			<u>5.074</u>

Base Amount for a PWR between 1200 MWt and 3400 MWt =  $\$75 + 0.0088P$  (millions)

Where, P = power in megawatts thermal (MWt) = 2900 MWt

Base Amount =  $\$75 + 0.0088(2900)$  millions = \$100,520,000

Escalated Amount for Unit = Base Amount x Escalation Factor

=  $\$100,520,000 \times 5.074 = \underline{\underline{\$510,038,480}}$

Notes:

1. Minimum financial assurance formula is based on 10 CFR 50.75(c).
2. Labor and Energy factors were obtained from U.S. Department of Labor, Bureau of Labor Statistics (2Q 2019 for Labor and June 2019 for Energy).
3. Waste burial factors were obtained from NRC report NUREG-1307, Revision 17, "Report on Waste Burial Charges."
4. Mathematical rounding was used in this calculation.
5. Projected shutdown is assumed to be May 31, 2021.

**BEAVER VALLEY POWER STATION, UNIT NO. 1**

**SITE-SPECIFIC COST ESTIMATE  
SAFSTOR METHOD – LICENSE TERMINATION<sup>1</sup>  
CONSTANT 2019 DOLLARS**

Estimated Net Investment Rate	After-tax 2.00 percent
Estimated Escalation Rate	<u>0.00 percent</u>
Estimated After-Tax Rate of Return	2.00 percent

Qualified Trust balance on June 30, 2019	\$319,354,877
Non-Qualified Trust Balance on June 30, 2019	-
Total	\$319,354,877

Year	Beginning Balance	Deposits	Earnings	Withdrawal <sup>2</sup>	Ending Balance
2019	319,354,877	54,456,601 <sup>3</sup>	6,659,381	-	380,470,859
2020	380,470,859	-	7,609,417	-	388,080,276
2021	388,080,276	-	7,082,263	(33,967,145)	361,195,393
2022	361,195,393	-	5,731,745	(74,608,126)	292,319,012
2023	292,319,012	-	5,758,075	(4,415,267)	293,661,819
2024	293,661,819	-	5,784,689	(4,427,364)	295,019,145
2025	295,019,145	-	5,812,078	(4,415,267)	296,415,955
2026	296,415,955	-	5,841,292	(4,351,348)	297,905,899
2027	297,905,899	-	5,873,099	(4,250,967)	299,528,031
2028	299,528,031	-	5,905,308	(4,262,613)	301,170,726
2029	301,170,726	-	5,938,395	(4,250,967)	302,858,155
2030	302,858,155	-	5,972,144	(4,250,967)	304,579,332
2031	304,579,332	-	6,006,567	(4,250,967)	306,334,932
2032	306,334,932	-	6,041,446	(4,262,613)	308,113,766
2033	308,113,766	-	6,077,256	(4,250,967)	309,940,055
2034	309,940,055	-	6,113,782	(4,250,967)	311,802,870
2035	311,802,870	-	6,151,038	(4,250,967)	313,702,941
2036	313,702,941	-	6,188,807	(4,262,613)	315,629,135
2037	315,629,135	-	6,227,563	(4,250,967)	317,605,731
2038	317,605,731	-	6,267,095	(4,250,967)	319,621,859
2039	319,621,859	-	6,307,418	(4,250,967)	321,678,310
2040	321,678,310	-	6,348,314	(4,262,613)	323,764,012
2041	323,764,012	-	6,390,261	(4,250,967)	325,903,306
2042	325,903,306	-	6,433,047	(4,250,967)	328,085,386
2043	328,085,386	-	6,476,688	(4,250,967)	330,311,107
2044	330,311,107	-	6,520,970	(4,262,613)	332,569,464
2045	332,569,464	-	6,566,370	(4,250,967)	334,884,867
2046	334,884,867	-	6,612,678	(4,250,967)	337,246,578
2047	337,246,578	-	6,659,912	(4,250,967)	339,655,524

## SAFSTOR METHOD – LICENSE TERMINATION (Continued)

Year	Beginning Balance	Deposits	Earnings	Withdrawal <sup>2</sup>	Ending Balance
2048	339,655,524	-	6,707,858	(4,262,613)	342,100,769
2049	342,100,769	-	6,756,996	(4,250,967)	344,606,798
2050	344,606,798	-	6,807,117	(4,250,967)	347,162,948
2051	347,162,948	-	6,858,240	(4,250,967)	349,770,221
2052	349,770,221	-	6,910,152	(4,262,613)	352,417,760
2053	352,417,760	-	6,963,336	(4,250,967)	355,130,129
2054	355,130,129	-	7,017,583	(4,250,967)	357,896,746
2055	357,896,746	-	7,072,916	(4,250,967)	360,718,694
2056	360,718,694	-	7,129,122	(4,262,613)	363,585,203
2057	363,585,203	-	7,186,685	(4,250,967)	366,520,921
2058	366,520,921	-	7,245,399	(4,250,967)	369,515,353
2059	369,515,353	-	7,305,288	(4,250,967)	372,569,674
2060	372,569,674	-	7,366,141	(4,262,613)	375,673,203
2061	375,673,203	-	7,429,093	(4,218,572)	378,883,723
2062	378,883,723	-	7,493,303	(4,218,572)	382,158,454
2063	382,158,454	-	7,558,798	(4,218,572)	385,498,680
2064	385,498,680	-	7,625,371	(4,230,130)	388,893,921
2065	388,893,921	-	7,693,507	(4,218,572)	392,368,856
2066	392,368,856	-	7,763,006	(4,218,572)	395,913,289
2067	395,913,289	-	7,833,894	(4,218,572)	399,528,611
2068	399,528,611	-	7,905,970	(4,230,130)	403,204,451
2069	403,204,451	-	7,979,718	(4,218,572)	406,965,596
2070	406,965,596	-	8,054,940	(4,218,572)	410,801,965
2071	410,801,965	-	8,131,668	(4,218,572)	414,715,061
2072	414,715,061	-	8,209,699	(4,230,130)	418,694,629
2073	418,694,629	-	8,289,521	(4,218,572)	422,765,578
2074	422,765,578	-	7,721,067	(36,712,229)	393,774,416
2075	393,774,416	-	6,218,504	(82,849,223)	317,143,697
2076	317,143,697	-	3,356,586	(149,314,394)	171,185,890
2077	171,185,890	-	2,052,806	(68,545,582)	104,693,114
2078	104,693,114	-	722,951	(68,545,582)	36,870,483
2079	36,870,483	-	552,656	(9,237,685)	28,185,455
2080	28,185,455	-	276,340	(14,368,463)	14,093,332
2081	14,093,332	-	3,480	(13,919,344)	177,468
2082	177,468	-	903	(132,327)	46,044
2083	46,044	-	0	(46,043)	1
2084	1	-	0	-	1
				(769,369,185)	

## Notes:

1. As the site-specific cost estimate is greater than the formula cost calculated per 10 CFR 50.75(c), the Regulatory Guide (RG) 1.159, Revision 2, guidance to utilize a facility specific analysis to demonstrate the adequacy of decommissioning funding assurance is followed.
2. Withdrawals assumed to be made at the beginning of the year.
3. Deposit is assumed by the end of September 2019.

**BEAVER VALLEY POWER STATION UNIT NO. 2**

Calculation of Minimum Financial Assurance Amount<sup>1, 5</sup>  
June 30, 2019

Nuclear Decommissioning Trust Balance (After Tax) as of June 30, 2019 = **\$421,425,364**

<u>Pennsylvania Region</u>	<u>Adjustment Factor</u>	<u>Ratio</u>	<u>Escalation Factor<sup>4</sup></u>
Labor (L); Northeast <sup>2</sup>	3.002	0.65	1.951
Energy (E); National <sup>2</sup>	2.271	0.13	0.295
Waste Burial (B); Generic	12.853	0.22	<u>2.828</u>
PWR Escalation Factor <sup>3</sup>			5.074

Base Amount for a PWR between 1200 MWt and 3400 MWt = \$75 + 0.0088P (millions)

Where, P = power in megawatts thermal (MWt) = 2900 MWt

Base Amount = \$75 + 0.0088(2900) millions = \$100,520,000

Escalated Amount for Unit = Base Amount x Escalation Factor  
= \$100,520,000 x 5.074 = **\$510,038,480**

**Notes:**

1. Minimum financial assurance formula is based on 10 CFR 50.75(c).
2. Labor and Energy factors were obtained from U.S. Department of Labor, Bureau of Labor Statistics (2Q 2019 for Labor and June 2019 for Energy).
3. Waste burial factors were obtained from NRC report NUREG-1307, Revision 17, "Report on Waste Burial Charges."
4. Mathematical rounding was used in this calculation.
5. Projected shutdown is assumed to be October 31, 2021.

**BEAVER VALLEY POWER STATION, UNIT NO. 2**

**SITE-SPECIFIC COST ESTIMATE<sup>1</sup>**  
**SAFSTOR METHOD – LICENSE TERMINATION**  
**CONSTANT 2019 DOLLARS**

Estimated Net Investment Rate	After-tax 2.00 percent
Estimated Escalation Rate	<u>0.00 percent</u>
Estimated After-Tax Rate of Return	2.00 percent

Qualified Trust balance on June 30, 2019	\$421,425,364
Non-Qualified Trust Balance on June 30, 2019	-
Total	\$421,425,364

Year	Beginning Balance	Deposits	Earnings	Withdrawal <sup>2</sup>	Ending Balance
2019	421,425,364	-	8,428,507	-	429,853,871
2020	429,853,871	-	8,597,077	-	438,450,949
2021	438,450,949	-	8,595,514	(8,675,230)	438,371,233
2022	438,371,233	-	7,638,087	(56,466,861)	389,542,460
2023	389,542,460	-	7,093,422	(34,871,352)	361,764,530
2024	361,764,530	-	7,146,953	(4,416,876)	364,494,606
2025	364,494,606	-	7,201,796	(4,404,808)	367,291,594
2026	367,291,594	-	7,257,736	(4,404,808)	370,144,522
2027	370,144,522	-	7,319,610	(4,164,039)	373,300,093
2028	373,300,093	-	7,382,643	(4,167,945)	376,514,791
2029	376,514,791	-	7,447,165	(4,156,558)	379,805,398
2030	379,805,398	-	7,512,977	(4,156,558)	383,161,817
2031	383,161,817	-	7,580,105	(4,156,558)	386,585,365
2032	386,585,365	-	7,648,348	(4,167,945)	390,065,769
2033	390,065,769	-	7,718,184	(4,156,558)	393,627,396
2034	393,627,396	-	7,789,417	(4,156,558)	397,260,255
2035	397,260,255	-	7,862,074	(4,156,558)	400,965,771
2036	400,965,771	-	7,935,957	(4,167,945)	404,733,783
2037	404,733,783	-	8,011,545	(4,156,558)	408,588,770
2038	408,588,770	-	8,088,644	(4,156,558)	412,520,857
2039	412,520,857	-	8,167,286	(4,156,558)	416,531,585
2040	416,531,585	-	8,247,273	(4,167,945)	420,610,914
2041	420,610,914	-	8,329,087	(4,156,558)	424,783,443
2042	424,783,443	-	8,412,538	(4,156,558)	429,039,423
2043	429,039,423	-	8,497,657	(4,156,558)	433,380,523
2044	433,380,523	-	8,584,252	(4,167,945)	437,796,830
2045	437,796,830	-	8,672,805	(4,156,558)	442,313,078
2046	442,313,078	-	8,763,130	(4,156,558)	446,919,651
2047	446,919,651	-	8,855,262	(4,156,558)	451,618,355

## SAFSTOR METHOD – LICENSE TERMINATION (Continued)

Year	Beginning Balance	Deposits	Earnings	Withdrawal <sup>2</sup>	Ending Balance
2048	451,618,355	-	8,949,008	(4,167,945)	456,399,419
2049	456,399,419	-	9,044,857	(4,156,558)	461,287,718
2050	461,287,718	-	9,142,623	(4,156,558)	466,273,784
2051	466,273,784	-	9,242,345	(4,156,558)	471,359,571
2052	471,359,571	-	9,343,833	(4,167,945)	476,535,459
2053	476,535,459	-	9,447,578	(4,156,558)	481,826,480
2054	481,826,480	-	9,553,398	(4,156,558)	487,223,320
2055	487,223,320	-	9,661,335	(4,156,558)	492,728,098
2056	492,728,098	-	9,771,203	(4,167,945)	498,331,357
2057	498,331,357	-	9,883,496	(4,156,558)	504,058,295
2058	504,058,295	-	9,998,035	(4,156,558)	509,899,772
2059	509,899,772	-	10,114,864	(4,156,558)	515,858,079
2060	515,858,079	-	10,233,803	(4,167,945)	521,923,937
2061	521,923,937	-	10,353,905	(4,228,686)	528,049,157
2062	528,049,157	-	10,476,409	(4,228,686)	534,296,881
2063	534,296,881	-	10,601,364	(4,228,686)	540,669,559
2064	540,669,559	-	10,728,586	(4,240,270)	547,157,875
2065	547,157,875	-	10,858,584	(4,228,686)	553,787,773
2066	553,787,773	-	10,991,182	(4,228,686)	560,550,269
2067	560,550,269	-	11,126,432	(4,228,686)	567,448,015
2068	567,448,015	-	11,264,155	(4,240,270)	574,471,900
2069	574,471,900	-	11,404,864	(4,228,686)	581,648,079
2070	581,648,079	-	11,548,388	(4,228,686)	588,967,781
2071	588,967,781	-	11,694,782	(4,228,686)	596,433,878
2072	596,433,878	-	11,843,872	(4,240,270)	604,037,480
2073	604,037,480	-	11,996,176	(4,228,686)	611,804,970
2074	611,804,970	-	12,151,526	(4,228,686)	619,727,811
2075	619,727,811	-	11,734,343	(33,010,685)	598,451,468
2076	598,451,468	-	10,128,117	(92,045,630)	516,533,954
2077	516,533,954	-	7,968,569	(118,105,513)	406,397,011
2078	406,397,011	-	6,676,745	(72,559,778)	340,513,978
2079	340,513,978	-	5,359,084	(72,559,778)	273,313,284
2080	273,313,284	-	4,264,952	(60,065,663)	217,512,574
2081	217,512,574	-	4,055,008	(14,762,166)	206,805,416
2082	206,805,416	-	4,134,974	(56,701)	210,883,690
2083	210,883,690	-	4,217,674	-	215,101,363
2084	215,101,363	-	4,302,027	-	219,403,391
				(777,075,120)	

## Notes:

1. As the site-specific cost estimate is greater than the formula cost calculated per 10 CFR 50.75(c), the Regulatory Guide (RG) 1.159, Revision 2, guidance to utilize a facility specific analysis to demonstrate the adequacy of decommissioning funding assurance is followed.
2. Withdrawals assumed to be made at the beginning of the year.



**DAVIS-BESSE NUCLEAR POWER STATION, UNIT NO. 1**

Calculation of Minimum Financial Assurance Amount<sup>1, 6</sup>  
June 30, 2019

Nuclear Decommissioning Trust Balance (After Tax) as of June 30, 2019 = **\$621,805,170<sup>5</sup>**

<u>Ohio Region</u>	<u>Adjustment Factor</u>	<u>Ratio</u>	<u>Escalation Factor<sup>4</sup></u>
Labor (L); Midwest <sup>2</sup>	2.789	0.65	1.813
Energy (E): National <sup>2</sup>	2.271	0.13	0.295
Waste Burial (B): Generic	12.853	0.22	2.828
PWR Escalation Factor <sup>3</sup>			4.936

Base Amount for a PWR between 1200 MWt and 3400 MWt = \$75 + 0.0088P (millions)

Where, P = power in megawatts thermal (MWt) = 2817 MWt

Base Amount = \$75 + 0.0088(2817) millions = \$99,789,600

Escalated Amount for Unit = Base Amount x Escalation Factor

= \$99,789,600 x 4.936 = **\$492,561,466**

**Notes:**

1. Minimum financial assurance formula is based on 10 CFR 50.75(c).
2. Labor and Energy factors were obtained from U.S. Department of Labor, Bureau of Labor Statistics (2Q 2019 for Labor and June 2019 for Energy).
3. Waste burial factors were obtained from NRC report NUREG-1307, Revision 17, "Report on Waste Burial Charges."
4. Mathematical rounding was used in this calculation.
5. Formal decommissioning has not started at DBNPS. Disbursement of decommissioning trust funds occurred in 2019 totaling \$1,568,697 for decommissioning planning purposes.
6. Projected shutdown is assumed to be April 22, 2037.

# **PERRY NUCLEAR POWER PLANT, UNIT NO. 1**

## Calculation of Minimum Financial Assurance Amount<sup>1, 5</sup> June 30, 2019

Nuclear Decommissioning Trust Balance (After Tax) as of June 30, 2019 = **\$568,647,803**

<u>Ohio Region</u>	<u>Adjustment Factor</u>	<u>Ratio</u>	<u>Escalation Factor<sup>4</sup></u>
Labor (L); Midwest <sup>2</sup>	2.789	0.65	1.813
Energy (E): National <sup>2</sup>	2.280	0.13	0.296
Waste Burial (B): Generic	13.422	0.22	<u>2.953</u>
PWR Escalation Factor <sup>3</sup>			5.062

Base Amount for a BWR greater than 3400 MWt = \$135,000,000

Where, P = power in megawatts thermal (MWt) = 3758 MWt

Escalated Amount for Unit = Base Amount x Escalation Factor  
= \$135,000,000 x 5.062 = **\$683,370,000**

### Notes:

1. Minimum financial assurance formula is based on 10 CFR 50.75(c).
2. Labor and Energy factors were obtained from U.S. Department of Labor, Bureau of Labor Statistics (2Q 2019 for Labor and June 2019 for Energy).
3. Waste burial factors were obtained from NRC report NUREG-1307, Revision 17, "Report on Waste Burial Charges."
4. Mathematical rounding was used in this calculation.
5. Projected shutdown is assumed to be March 18, 2026.

## **Exhibit D**

Form of Nuclear Power Supply Agreement (Revised)  
(Twelve pages follow)

[Reorganized Nuclear Generation, LLC]

## NUCLEAR POWER SUPPLY AGREEMENT

Between [OwnerCo], Seller  
and  
[Reorganized FirstEnergy Solutions, LLC], Buyer

This Nuclear Power Supply Agreement (“*Agreement*”) dated [\_\_\_\_], 2019<sup>1</sup> is made by and between [Reorganized Nuclear Generation, LLC], (“*OwnerCo*” or “*Seller*”), and [Reorganized FirstEnergy Solutions, LLC] (“*Buyer*”). Seller and Buyer may be identified collectively as “*Parties*” or individually as a “*Party*.” [\_\_\_\_]<sup>2</sup>, is a signatory hereto for the limited purpose of guaranteeing Buyer’s financial obligations arising under this Agreement and is not a Party or one of the Parties as referenced in this Agreement.

WHEREAS, Seller is a nuclear generation-only company that owns the Beaver Valley Power Station, the Davis-Besse Power Station and the Perry Power Station (each, a “*Nuclear Generating Facility*” and collectively, the “*Nuclear Generating Facilities*”);

WHEREAS, the Nuclear Generating Facilities are operated by [Reorganized Nuclear Operating Company] (“*OpCo*”), an affiliate of OwnerCo and Buyer;

WHEREAS, Seller is engaged exclusively in the business of owning the Nuclear Generating Facilities and selling Power from the Nuclear Generating Facilities;

WHEREAS, Buyer desires to obtain the entire electric output of the Nuclear Generating Facilities, pursuant to the rates, terms and conditions set forth herein; and

WHEREAS, Seller is entering into this Agreement pursuant to Seller’s market-based rate authority.

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meaning associated to them in Exhibit A hereto.

It is agreed as follows:

### I. TERM

The sale and purchase of Power pursuant to this Agreement shall begin on [\_\_\_\_], 2019<sup>3</sup>, for an initial term ending October 31, 2021. This Agreement shall remain in effect from year to year thereafter unless terminated by either Party upon at least ninety (90) days written notice prior to the end of the then-applicable term. Notwithstanding the foregoing, this Agreement shall terminate

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<sup>1</sup> To be effective as of the effective date of the Plan of Reorganization.

<sup>2</sup> New Holdco entity to be listed here.

<sup>3</sup> To be effective as of the effective date of the Plan of Reorganization.

automatically with respect to a particular Nuclear Generating Facility sixty (60) days after certification by Seller (or its affiliates) with respect to such Nuclear Generating Facility to the NRC that nuclear fuel has been permanently removed from the reactor vessel pursuant to 10 CFR § 50.82(a)(1)(ii).

## **II. SALE AND PURCHASE OF CAPACITY AND ENERGY**

- A. Seller shall provide Buyer all of the Capacity, Energy, and Ancillary Services available from the Nuclear Generating Facilities identified in Exhibit B to this Agreement, and Buyer shall purchase and pay for such Capacity, Energy, and Ancillary Services, in accordance with the terms of this Agreement. Seller shall make Capacity, Energy, and Ancillary Services available at the Delivery Points. Buyer shall arrange and will be responsible for all transmission, congestion costs, losses, and related services at and from the Delivery Points. The Capacity, Energy, and Ancillary Services supplied by Seller are collectively referred to as Buyer's "**Power Supply Requirements**." Capacity and Energy supplied shall be sixty-hertz, three phase alternating current. The Power Supply Requirements will be provided in accordance with Good Utility Practice, and where applicable, the provisions of the applicable Transmission Provider OATT, and the requirements of the NRC.
- B. Seller shall cause the Nuclear Generating Facilities to be operated and maintained in accordance with Good Utility Practice, the applicable requirements of the FERC, NRC and NERC, as well as the requirements of the regional reliability councils or Regional Entity, and Regional Transmission Organizations where the Nuclear Generating Facilities are located. Seller will enter into agreements with OpCo, other affiliates of Seller, Transmission Providers, or Government Authorities if necessary to ensure compliance with this Section II.B.

## **III. SCHEDULING AND SYSTEM PLANNING**

- A. In order for Buyer to be able to plan adequately to market and sell all of the Capacity, Energy, and Ancillary Services available from the Nuclear Generating Facilities identified in Exhibit B, Seller shall notify Buyer on or before October 1 of each year during the term of this Agreement of the amount of Capacity, Energy, and Ancillary Services it expects to have available for each day in each month of the next calendar year. The information provided in this notification shall include, but not be limited to, the time and expected duration of any planned outage of each of the Nuclear Generating Facilities.
- B. Seller shall update its annual forecast of available Capacity, Energy, and Ancillary Services for any change or expected change in the operation of the Nuclear Generating Facilities that would materially affect the annual forecast provided to Buyer hereunder. Seller shall provide the updated forecast to Buyer for any full month(s) remaining in the calendar year within thirty days of becoming aware of the change or expected change in the operation of the Nuclear Generating Facilities.
- C. Seller will supply Buyer, upon request, any such information as is necessary to meet the requirements of any applicable Transmission Provider OATT, FERC, NERC, NRC,

Electric Reliability Organization, regional reliability council, Regional Entity or Government Authority.

#### **IV. PRICE**

Seller shall charge, and Buyer shall pay as follows on a monthly basis.

##### **A. Charges**

In consideration for the Power Supply Requirement made available from the Nuclear Generating Facilities hereunder, Buyer shall pay Seller (i) the sum of Seller's cash costs incurred during the term of this Agreement arising out of, or associated with, the ownership, operation and maintenance of the Nuclear Generating Facilities in compliance with FERC, NRC and NERC requirements and Good Utility Practice (including during any planned or unplanned outage) minus (ii) any amounts received by Seller as nuclear resource credits under Ohio H.B. 6. The costs referenced above shall include, but are not limited to: fuel and delivery; station operations and maintenance; labor, including benefits and retention programs; utilities, materials and supplies; contractors; capital expenditures, liability, property and other insurance; federal, state and local taxes; debt service, including interest and principal payments (debt issued by Seller); radiological decommissioning and spent nuclear fuel management costs (during the term of this Agreement); and environmental remediation. Costs include any payables by Seller to OpCo, as well as to any other third party contracted by OpCo or OwnerCo to facilitate in the above-listed activities.

Attached as Exhibit C to this Agreement is a representative list of costs that are included in the monthly charges.

##### **B. Billing and Payment**

Unless otherwise specifically agreed upon by the Parties, the calendar month shall be the standard period for all billings and payments under this Agreement. As soon as practicable after the end of each month during the term of this Agreement, Seller will render an invoice to Buyer for the charges, as described in Section IV.A of this Agreement, incurred during the preceding month. Payment shall be due and payable within ten days of receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Buyer will make payments by electronic funds transfer or by other mutually agreeable method(s) (including intercompany credits) to the account designated by Seller. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate until the date of payment in full.

##### **C. Records**

Each Party shall keep complete and accurate records of its operations under this Agreement and shall maintain such data as may be necessary to determine the reasonableness and accuracy of all relevant data, estimates, payments or invoices submitted by or to it hereunder. All records regarding this Agreement shall be maintained for a period of three years from the date of the invoice or payment, or for such longer period as may be required by law.

##### **D. Audit and Adjustment Rights**

Buyer shall have the right, at its own expense and during normal business hours, to audit the accounts and records of Seller that reasonably relate to the provision of service under this Agreement. If the audit reveals an inaccuracy in an invoice, the necessary adjustment in such invoice and the payments therefore will be promptly made. No adjustment will be made for any invoice or payment made more than one year from rendition thereof. This provision shall survive the termination of this Agreement for a period of one year from the date of termination for the purpose of such invoice and payment objections. To the extent that audited information includes Confidential Information, Buyer shall keep all such information confidential under Section VII.C.

E. Section 205 Rights

Nothing contained herein shall be construed as affecting in any way the right of the Party furnishing service under this Agreement to unilaterally make application to the FERC for a change in rates under Section 205 of the Federal Power Act and pursuant to the FERC's Rules and Regulations thereunder; provided, however, that nonrate terms and conditions may be amended only by a written agreement signed by the Parties.

V. **METERING**

Generation metering will be installed, operated and maintained in accordance with the applicable generator interconnection agreements between the Seller, Transmission Provider, and Transmission Owner. Metering between control areas shall be handled in accordance with the applicable Transmission Provider OATT. Retail metering shall be provided in accordance with applicable state law. Nothing in this Agreement requires Seller or Buyer to install new metering facilities.

VI. **NOTICES**

All notices, requests, statements or payments shall be made as specified below. Notices required to be in writing shall be delivered by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day on which it was transmitted or hand delivered (unless transmitted or hand delivered after close in which case it shall be deemed to have been received at the close of the next Business Day). Notice by overnight mail or courier shall be deemed to have been received two Business Days after it was sent. A Party may change its addresses by giving notice as provided above.

**NOTICES & CORRESPONDENCE:**

To Seller: [Reorganized Nuclear Generation, LLC]  
341 White Pond Drive  
Akron, Ohio 44320  
Attn: [ ]

To Buyer: [Reorganized FirstEnergy Solutions, LLC]  
341 White Pond Drive  
Akron, Ohio 44320  
Attn: [ ]

## INVOICES & PAYMENTS:

To Seller: [Reorganized Nuclear Generation, LLC]  
341 White Pond Drive  
Akron, Ohio 44320  
Attn: [ ]

To Buyer [Reorganized FirstEnergy Solutions, LLC]  
341 White Pond Drive  
Akron, Ohio 44320  
Attn: [ ]

## SCHEDULING:

To Seller: [Reorganized Nuclear Generation, LLC]  
341 White Pond Drive  
Akron, Ohio 44320  
Attn: [ ]

To Buyer: [Reorganized FirstEnergy Solutions, LLC]  
341 White Pond Drive  
Akron, Ohio 44320  
Attn: [ ]

## VII. MISCELLANEOUS

### A. Performance Excused

If either Party is rendered unable by an event of Force Majeure to carry out, in whole or part, its obligations hereunder, then, during the pendency of such Force Majeure but for no longer period, the Party affected by the event shall be relieved of its obligations insofar as they are affected by Force Majeure. The Party affected by an event of Force Majeure shall provide the other Party with written notice setting forth the full details thereof as soon as practicable after the occurrence of such event and shall take all commercially reasonable measures to mitigate or minimize the effects of such event of Force Majeure. Nothing in this section requires Seller to deliver, or Buyer to receive, Power at Delivery Points other than those Delivery Points designated under this Agreement or relieves Buyer of its obligation to make payment under Section IV of this Agreement.

Force Majeure shall be defined as any cause beyond the reasonable control of the Party claiming Force Majeure. It includes, without limitation, earthquake, storm, lightning, flood, backwater caused by flood, fire, explosion, act of the public enemy, epidemic, accident, failure of facilities, equipment or fuel supply, acts of God, war, riot, civil disturbances, strike, labor disturbances, labor or material shortage, disruptions by contractors or suppliers, national emergency, restraint by court order or other Government Authority, interruption of synchronous operation, or other similar or dissimilar causes beyond the control of the Party affected, which causes such Party could not have avoided by exercising Good Utility Practice. Nothing contained herein shall be construed to require a Party to settle any strike, lockout, work stoppage, or other industrial disturbance or



dispute in which it may be involved or to take an appeal from any judicial, regulatory or administrative action.

B. Transfer of Title and Indemnification

Title and risk of loss related to the Power Supply Requirements shall transfer to Buyer at the Delivery Points. Seller warrants that it will deliver the Power Supply Requirements to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Points. Each Party shall indemnify, defend and hold harmless the other Party from and against any claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to the Power Supply Requirements is vested in the other Party.

C. Confidentiality

Neither Party shall disclose to third parties Confidential Information obtained from the other Party pursuant to this Agreement except in order to comply with the requirements of FERC, NRC, NERC, Electric Reliability Organization, applicable regional reliability councils or a Regional Entity, Regional Transmission Organization or Government Authority. Each Party shall use reasonable efforts to prevent or limit the disclosure required to third parties under this section.

D. Further Assurances

Subject to the terms and conditions of this Agreement, each of the Parties will use reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and effectuate the transactions contemplated hereby.

E. Assignment

No assignment, pledge, or transfer of this Agreement shall be made by any Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. No prior written consent shall be required for (i) the assignment, pledge or other transfer to another company or affiliate in the same holding company system as the assignor, pledgor or transferor, or (ii) a transfer incident to a merger or consolidation with, or transfer of all, or substantially all, of the assets of the transferor, to another person or business entity; provided, however, that such assignee, pledgee, transferee or acquirer of such assets or the person with which it merges or into which it consolidates assumes in writing all of the obligations of such Party hereunder and provided, further, that either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign such Party's rights to the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements.

F. Governing Law

The interpretation and performance of this Agreement shall be according to and controlled by the laws of the State of Ohio regardless of the laws that might otherwise govern under applicable principles of conflicts of laws.

G. Counterparts

This Agreement may be executed in two or more counterparts and each such counterpart shall constitute one and the same instrument.

H. Waiver

No waiver by a Party of any default by the other Party shall be construed as a waiver of any other default. Any waiver shall be effective only for the particular event for which it is issued and shall not be deemed a waiver with respect to any subsequent performance, default or matter.

I. No Third-Party Beneficiaries

This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement.

J. Severability

Any provision of this Agreement declared or rendered unlawful by any Government Authority or deemed unlawful because of a statutory change will not otherwise affect the remaining lawful obligations that arise under this Agreement.

K. Construction

The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be a limitation. The headings used herein are for convenience and reference purposes only.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement on their behalf as of \_\_\_\_\_, 2019.

[BUYER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[OWNERCO]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[NEW HOLDCO]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*For the sole limited purpose of agreeing to  
guarantee Buyer's financial obligations arising  
under this Agreement*

## EXHIBIT A

### DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the terms listed below are defined as follows:

**Affiliate** means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For purposes of the foregoing definition, control means the direct or indirect ownership of more than fifty percent (50%) of the outstanding capital stock or other equity interests having ordinary voting power or ability to direct the affairs of the affiliate.

**Ancillary Services** means Reactive Supply and Voltage Control from Generation Resources Service, Regulation and Frequency Response Service, Operating Reserve - Spinning Reserve Service, and Operating Reserve - Supplemental Service, and such additional Ancillary Services as defined in the Transmission Provider OATT and to the extent available from the Nuclear Generating Facilities.

**Business Day** means any day on which Federal Reserve member banks in New York City are open for business.

**Capacity** means the resource that produces electric Energy, measured in megawatts.

**Confidential Information** means any confidential, proprietary, trade secret, critical energy infrastructure information, or commercially sensitive information relating to the present or planned business of a Party that is supplied under this Agreement and is identified as confidential by the Party supplying the information.

**Delivery Point** means where Capacity, Energy and Ancillary Services are supplied by the Seller at the point of interconnection between the Nuclear Generating Facilities and the transmission facilities of Transmission Owner.

**Electric Reliability Organization** has the meaning given in Section 215(a)(2) of the Federal Power Act.

**Energy** means electric energy delivered under this Agreement at three-phase, 60-hertz alternating current measured in megawatt hours.

**FERC** means The Federal Energy Regulatory Commission or its regulatory successor.

**Force Majeure** has the meaning given in Section VII.A.

**Good Utility Practice** means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and

expedition. Good Utility Practice includes compliance with the standards adopted by NRC, NERC, its applicable regional councils, or an Electric Reliability Organization or Regional Entity as approved by the FERC. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts, generally accepted in the region and consistently adhered to by utilities in the region.

**Government Authority** means any federal, state, local, municipal or other governmental entity, authority or agency, department, board, court, tribunal, regulatory commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, policy, regulatory or taxing authority or power over Buyer or Seller.

**Interest Rate** means the lesser of Prime Rate plus two percent and the maximum rate permitted by applicable law.

**NERC** means The North American Electric Reliability Corporation or any superseding organization with responsibility for establishing reliability standards for the interstate transmission grid.

**NRC** means the United States Nuclear Regulatory Commission or its regulatory successor.

**Power** means Capacity and/or Energy.

**Prime Rate** means for any date, the per annum rate of interest announced from time to time by Citibank, NA as its prime rate for commercial loans, effective for such date as established from time to time by such bank.

**Regional Entity** has the meaning given in Section 215(a)(7) of the Federal Power Act.

**Regional Transmission Organization** has the meaning given in Section 3(27) of the Federal Power Act.

**Taxes** means all *ad valorem*, property, occupation, utility, gross receipts, sales, use, excise and other taxes, governmental charges, licenses, permits and assessments, other than taxes based on net income or net worth.

**Transmission Owner** means the entity that owns facilities used for the transmission of Power from the Nuclear Generating Facilities.

**Transmission Provider** means the utility or utilities, including Regional Transmission Organizations, transmitting Power on behalf of Buyer from the Delivery Point(s) under this Agreement.

**Transmission Provider OATT** means the Open Access Transmission Tariff, Open Access Transmission Tariff, Open Access Transmission and Energy Markets Tariffs, or any other tariff of general applicability on file at the FERC under which the Transmission Provider offers transmission service.

## **EXHIBIT B**

### **Nuclear Generating Facilities**

#### **Generation Capacity in MWs**

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Beaver Valley Unit 1	939
Beaver Valley Unit 2	933
Davis Besse	908
Perry	1,268
<b>Total</b>	<b>4,048</b>

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## **EXHIBIT C**

### **Representative Costs for the Monthly Charge**

- Fuel and delivery
- Operations and maintenance
- Labor, including wages, incentive, benefits, severance and retention
- Allocated charges for corporate overhead
- Insurance
- Fees from regulatory authorities
- Taxes including property, federal, state or city
- Capital expenditures
- Decommissioning expenditures during the term of this Agreement (including any contributions to nuclear decommissioning trusts to address shortfalls identified pursuant to NRC regulatory requirements)
- Spent fuel management expenditures (net of reimbursements) during the term of this Agreement
- Debt service including interest and principal payments for debt issued by Seller

Enclosure B  
L-19-200

**Affidavit of Darin M. Benyak Supporting Withholding from Public Disclosure**

(Two pages follow)




**10 CFR 2.390**  
**AFFIDAVIT OF DARIN M. BENYAK**

I, Darin M. Benyak, Vice President, Fleet Nuclear Support and Regulatory Affairs, for FirstEnergy Nuclear Operating Company (FENOC), state that:

1. I am authorized to execute this affidavit on behalf of FENGen and FENOC (collectively referred to as the Applicants).
2. The Applicants are providing information in support of their "Supplement to Application for Order Consenting to Transfer of Licenses and Conforming License Amendments." The proprietary versions of Exhibit A, "Anticipated Nuclear Resource Credits," being provided separately in Enclosure C of this submittal contains financial information related to anticipated revenues from sales of electricity and capacity from Beaver Valley Power Station, Unit Nos. 1 and 2; Davis-Besse Nuclear Power Station, Unit No. 1; and Perry Nuclear Power Plant, Unit No. 1. This document constitutes proprietary, commercially sensitive financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 CFR 2.390(a)(4) and 10 CFR 9.17(a)(4), because:
  - a. The information described in Exhibit A is and has been held in confidence by the Applicants and their affiliates
  - b. This information is of a type that is held in confidence by the Applicants and their affiliates, and there is a rational basis for doing so because the information contains sensitive financial competitive information concerning the Applicants' 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 the Applicants and their affiliates by disclosing their internal financial and commercial information to other parties whose commercial interests may be adverse to those of the Applicants.

3. Accordingly, the Applicants request that Enclosure C to the "Supplement to Application for Order Consenting to Transfer of Licenses and Conforming License Amendments" be withheld from public disclosure pursuant to 10 CFR 2.390(a)(4) and 9.17(a)(4).

FirstEnergy Nuclear Generation, LLC  
FirstEnergy Nuclear Operating Company



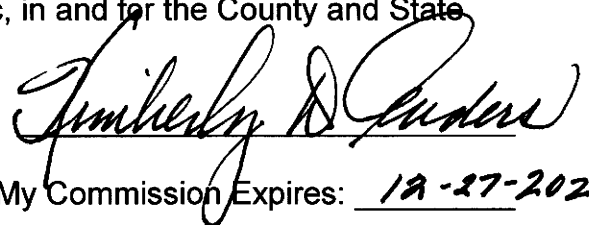
Darin M. Benyak  
Vice President, Nuclear Support and  
Regulatory Affairs  
FirstEnergy Nuclear Operating Company

STATE OF Ohio  
COUNTY OF Summit

Subscribed and sworn to me, a Notary Public, in and for the County and State  
above named, this 29<sup>th</sup> day of August, 2019.



KIMBERLY D. ANDERS  
Notary Public, State of Ohio  
My Commission Expires  
December 27, 2022

  
My Commission Expires: 12-27-2022

List of Regulatory Commitments  
Page 1 of 1

The following list identifies those actions committed to by FirstEnergy Nuclear Operating Company (FENOC) for the Beaver Valley Power Station, Unit Nos. 1 and 2; Davis-Besse Nuclear Power Station, Unit 1; and Perry Nuclear Power Plant, Unit 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. Thomas A. Lentz, Manager, FENOC Nuclear Licensing and Regulatory Affairs, at (330) 315-6810 of any questions regarding this document or associated Regulatory Commitments.

REGULATORY COMMITMENT	TYPE		SCHEDULED COMPLETION DATE
	ONE-TIME ACTION	CONTINUING COMPLIANCE	
1. The Applicants' revised anticipated operating and financial projections, and New HoldCo's opening balance sheet and opening cash position will be provided in a supplement to the NRC no later than at confirmation of the Plan of Reorganization by the Bankruptcy Court.	X		No later than at confirmation of the Plan of Reorganization by the Bankruptcy Court.