



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

October 20, 2009

Mr. Peter P. Sena III  
Site Vice President  
FirstEnergy Nuclear Operating Company  
Beaver Valley Power Station  
Mail Stop A-BV-SEB1  
P.O. Box 4, Route 168  
Shippingport, PA 15077

SUBJECT: BEAVER VALLEY POWER STATION, UNIT NO. 1 - REQUEST FOR  
ADDITIONAL INFORMATION RE: DECOMMISSIONING FUNDING  
ASSURANCE PLAN (TAC NO. ME0487)

Dear Mr. Sena:

By letter dated March 27, 2009, as supplemented by letter dated July 28, 2009, FirstEnergy Nuclear Operating Company (licensee) submitted its Decommissioning Funding Assurance Plan for Beaver Valley Power Station, Unit No. 1 (BVPS-1). The Nuclear Regulatory Commission (NRC) staff performed an internal review and determined that there was a decommissioning funding assurance shortfall. Therefore, by letter dated July 8, 2009, the NRC staff requested a submittal of the licensee's plan that would address the decommissioning funding assurance shortfall.

The NRC staff has reviewed your July 28, 2009, letter and has determined that additional information is required to complete its review. The specific information requested is addressed in the enclosure to this letter. During a discussion with your staff on October 8, 2009, it was agreed that you would provide a response by November 30, 2009.

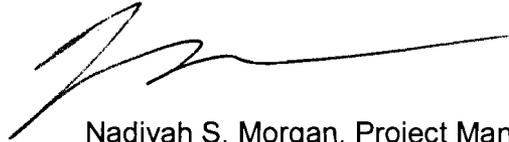
The NRC staff considers that timely responses to requests for additional information help ensure sufficient time is available for staff review and contribute toward the NRC's goal of efficient and effective use of staff resources.

P. Sena

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If circumstances result in the need to revise the requested response date, please contact me at (301) 415-1016.

Sincerely,

A handwritten signature in black ink, appearing to read 'N. Morgan', with a long horizontal flourish extending to the right.

Nadiyah S. Morgan, Project Manager  
Plant Licensing Branch I-1  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket No. 50-334

Enclosure:  
As stated

cc w/encl: Distribution via Listserv

REQUEST FOR ADDITIONAL INFORMATION  
BY THE OFFICE OF NUCLEAR REACTOR REGULATION  
REGARDING THE DECOMMISSIONING FINANCIAL ASSURANCE PLANS  
FIRSTENERGY NUCLEAR OPERATING COMPANY  
FIRSTENERGY NUCLEAR GENERATION CORP.  
BEAVER VALLEY POWER STATION, UNIT NO. 1  
DOCKET NO. 50-334

By letter dated March 27, 2009 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML090970287), as supplemented by letter dated July 28, 2009 (ADAMS Accession No. ML092120553), FirstEnergy Nuclear Operating Company (licensee) submitted its Decommissioning Funding Assurance Plan for Beaver Valley Power Station, Unit No. 1 (BVPS-1). In order to complete the review, the Nuclear Regulatory Commission (NRC) staff needs the following additional information:

Question 1

In the licensee's July 28, 2009 letter, it stated:

Based on the contents of Attachment 2, the BVPS-1 site-specific SAFSTOR analysis combined with an existing FirstEnergy Corp. Parental Guaranty, the decommissioning funding for BVPS-1 provides reasonable assurance that adequate funds will be available consistent with the use of a combination of methods that should be acceptable to the NRC staff pursuant to 10 CFR 50.75(e)(1)(vi).

10 CFR 50.75 (f)(1), in partial, states:

Each power reactor licensee shall report, on a calendar-year basis, to the NRC by March 31, 1999, and at least once every 2 years on the status of its decommissioning funding for each reactor or part of a reactor that it owns. ... The information in this report must include, at a minimum the amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c) ...

Enclosure

Further, 10 CFR 50.75 (b)(1), in partial, states:

For an applicant for or holder of an operating license under part 50, the report must contain a certification that financial assurance for decommissioning will be (for a license applicant), or has been (for a license holder), provided in an amount which may be more, but not less, than the amount stated in the table in paragraph (c)(1) of this section adjusted using a rate at least equal to that stated in paragraph (c)(2) of this section.

The site specific SAFSTOR analysis submitted for BVPS-1 subtracts the annual cost from the year end balance, rather than the beginning balance. This method overstates the amount of earnings. Submit an updated site-specific SAFSTOR analysis, in which the annual decommissioning costs are subtracted from the beginning balance for each year. Then, any interest may be applied to the difference, as noted below:

$(\text{Beginning Balance} - \text{Cost}) * (1 + \text{Real Rate of Return}) = \text{YR End Balance}$

#### Question 2

Clarify that the annual decommissioning cost for the year 2074 is \$23,070,000, which is considerably less than the annual costs listed for prior and subsequent years.

#### Question 3

10 CFR 50.75(e)(1)(i), in partial, states:

A licensee that has prepaid funds based on a site-specific estimate under 50.75(b)(1) of this section may take credit for projected earnings on the prepaid decommissioning trust funds....

NRC recognizes that if approximately \$80 million were deposited in cash into the prepaid account, the increased balance would provide adequate financial assurance, as of July 31, 2009. The reason is that actual funds in a prepaid account can generate earnings.

However, the licensee's plan to rely on its existing parent company guarantee (PCG) in the amount of \$80 million does not meet the requirements of 10 CFR 50.75(e)(1)(i). The PCG is a promise by the parent company to pay the decommissioning obligations of the licensee in the event the licensee fails to pay for decommissioning costs. By its nature, the PCG has no funds from which earnings can be generated. Your plan would generate earnings only on the actual balance in the account. The sum of the \$201 million trust fund balance plus earnings on the balance plus an \$80 million PCG would not cover the minimum NRC requirement of 10 CFR 50.75(c), as of July 31, 2009. In view of the above, provide a revised plan to cover the projected shortfall using a method that conforms to one of the methods provided in 10 CFR 50.75.

P. Sena

- 2 -

If circumstances result in the need to revise the requested response date, please contact me at (301) 415-1016.

Sincerely,

*/RA/*

Nadiyah S. Morgan, Project Manager  
Plant Licensing Branch I-1  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket No. 50-334

Enclosure:  
As stated

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