



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

July 14, 2010

Mr. James H. Lash
President and Chief Nuclear Officer
FirstEnergy Nuclear Operating Company
76 South Main Street
Akron, OH 44320

SUBJECT: BEAVER VALLEY POWER STATION, UNIT NOS. 1 AND 2, AND PERRY
NUCLEAR POWER PLANT, UNIT NO. 1 - REQUEST FOR CONSENT TO
EXTINGUISH PARENTAL GUARANTY (TAC NOS. ME3758 THRU ME3760)

Dear Mr. Lash:

By letter dated March 8, 2010 (Agencywide Documents Access and Management System Accession No. ML100750515), FirstEnergy Nuclear Operating Company (FENOC, the licensee), on behalf of FirstEnergy Corp. (FE) and FirstEnergy Nuclear Generation Corp. (FENGenCo), submitted a letter seeking Nuclear Regulatory Commission (NRC) written consent to extinguish the \$80 million Parental Guaranty between FE and FENGenCo, which provides additional financial assurance for the decommissioning of FENGenCo's 100 percent ownership of Beaver Valley Power Station, Unit No. 1 (BVPS 1), 60.08 percent ownership interest in Beaver Valley Power Station, Unit No. 2 (BVPS 2), and 87.42 percent ownership interest in Perry Nuclear Power Plant, Unit No. 1 (PNPP). The licensee also proposed, based on updated financial information, that a new Parental Guaranty for \$15 million would be required to provide financial assurance for BVPS 1. Provisions for extinguishing the \$80 million guaranty can be found in Paragraph 13 of the December 16, 2005, Parental Guaranty (Enclosure A of the March 8, 2010, letter). The March 8, 2010, letter also included a revised Parental Guaranty dated March 4, 2010, and relevant financial tests.

Consistent with Section 50.75 of Title 10 of the *Code of Federal Regulations* (10 CFR), the licensee must demonstrate that the proposed changes provide decommissioning funding assurance. In reviewing the revised Parental Guaranty, the NRC staff considered that, on November 5, 2009, the NRC approved the licensee's request to renew the operating licenses for BVPS 1 and 2 for an additional 20 years.

The NRC staff has reviewed the information provided by the licensee in its March 8, 2010, letter against the requirements in 10 CFR 50.75. The NRC staff recalculated the licensee's decommissioning funding assurance for BVPS 1, including the earnings credit allowed for the license renewal period, updated trust fund balances as of December 31, 2009, and the proposed Parental Guaranty of \$15 million described in FENOC's letter of March 8, 2010, and determined that the licensee provides reasonable assurance of adequate decommissioning funding at the time permanent termination of operations is expected.

The NRC staff has also recalculated decommissioning funding assurance for BVPS 2 and PNPP against the requirements in 10 CFR 50.75 using updated trust fund balances as of December 1, 2009, and has determined that the licensee provides reasonable assurance of adequate decommissioning funding at the time permanent termination of operations is expected.

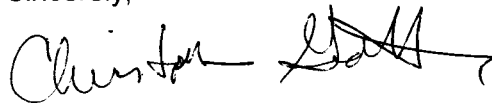
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Accordingly, the NRC staff has no objection to FENGenCo's request to extinguish the existing \$80 million Parent Guaranty following the implementation of the \$15 million Parental Guaranty to provide decommissioning funding assurance for Beaver Valley Unit 1. Under the provisions of Appendix A to 10 CFR Part 30, Section III.A, FENGenCo may cancel the existing \$80 million PCG as of 120 days after the date of receipt of the letter dated March 8, 2010.

If you have any questions, please contact me at 301-415-2719.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Gratton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christopher Gratton, Senior Project Manager
Plant Licensing Branch III-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-334, 50-412, and 50-440

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Accordingly, the NRC staff has no objection to FENGenCo's request to extinguish the existing \$80 million Parent Guaranty following the implementation of the \$15 million Parental Guaranty to provide decommissioning funding assurance for Beaver Valley Unit 1. Under the provisions of Appendix A to 10 CFR Part 30, Section III.A, FENGenCo may cancel the existing \$80 million PCG as of 120 days after the date of receipt of the letter dated March 8, 2010.

If you have any questions, please contact me at 301-415-2719.

Sincerely,

/RA/

Christopher Gratton, Senior Project Manager
Plant Licensing Branch III-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-334, 50-412, and 50-440

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