

March 31, 2011  
L-11-123

10 CFR 30

ATTN: Document Control Desk  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001

SUBJECT:  
Beaver Valley Power Station, Unit No. 1  
Docket No. 50-334, License No. DPR-66  
Annual Financial Test for a Parent Company Guarantee

FirstEnergy Nuclear Operating Company (FENOC) hereby submits the annual FirstEnergy Corp. financial test that was 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," including supporting documentation. The parent guarantee provides assurance of the adequacy of the decommissioning funding for Beaver Valley Power Station, Unit No. 1.

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 – FirstEnergy Nuclear Operating Company Fleet Licensing, at (330) 761-6071.

Sincerely,



Gregory H. Halnon  
Director, Fleet Regulatory Affairs

A1001  
NRR

Beaver Valley Power Station, Unit No. 1  
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Enclosure:  
FirstEnergy Corp. Parent – Guarantee of Funds for Decommissioning:  
Letter from Chief Financial Officer to Demonstrate Financial Assurance

cc: NRC Region I Administrator  
NRC Resident Inspector  
NRC Project Manager  
Director BRP/DEP  
Site BRP/DEP Representative

**Mark T. Clark**  
Executive Vice President and  
Chief Financial Officer

330-384-5817  
Fax: 330-252-1415  
E-Mail: [clarkm@firstenergycorp.com](mailto:clarkm@firstenergycorp.com)

FirstEnergy Corp. Parent – 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.

The current cost estimate and the amount currently being guaranteed, are shown for the facility:

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Current Cost Estimate</u>	<u>Amount Being Guaranteed</u>
Beaver Valley Power Station, Unit No. 1 License No. DPR-66	Shippingport, PA	\$461,458,231	\$15,000,000

FirstEnergy Corp. is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year. These annual financial reports are available to NRC and need not be submitted separately in accordance with 10 CFR 50.71(b).

The fiscal year of FirstEnergy Corp. ends on December 31<sup>st</sup>. The figures for the following items (Financial Test II: Alternative II) marked with double asterisks are derived from this FirstEnergy Corp.'s independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 2010.

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



Mark T. Clark  
Executive Vice President and Chief Financial Officer, FirstEnergy Corp.

March 28, 2011

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

1.	Guaranteed amount for Beaver Valley Power Station, Unit No. 1, License No. DPR-66	\$15
2.	Current bond or credit rating of most recent unsecured issuance of this firm	
	Rating	Baa3
	Name of rating service	Moody's
3.	Date of issuance of bond:	11/15/2001
4.	Date of maturity of bond:	11/15/2011
5.	Tangible net worth*	\$2,705
6.	Total assets in United States** (required only if less than 90 percent of firm's assets are located in the United States)	See Line 9 Below
		<u>Yes</u> <u>No</u>
7.	Is line 5 at least \$10?	X
8.	Is line 5 at least 6 times line 1?	X
9.	Are at least 90 percent of 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 & Poor's) or "Baa" or better (if issued by Moody's)?	X

\* Tangible Net Worth is defined as FirstEnergy Corp. total equity minus goodwill, patents, trademarks and copyrights; and FirstEnergy Nuclear Generation Corp.'s net book value of Beaver Valley Power Station Unit No. 1; plus the amount of decommissioning liability of the nuclear unit assured under this parental guarantee.

\*\* Denotes figures derived from financial statements.

**FIRSTENERGY CORP.**  
**YEAR ENDED DECEMBER 31, 2010**  
**Dollars in Millions**

<u>Line Number in CFO's Letter</u>	<u>Per Financial Statements</u>	<u>Recon- ciling Items</u>	<u>Per CFO's Letter</u>
Total Equity	\$8,513		
Less: Goodwill, Patents, Trademarks and Copyrights	\$5,575		
Net Book Value Beaver Valley Unit 1	\$ 426		
Plus: Beaver Valley Unit 1 Decommissioning Liability	<u>\$ 193</u>		
 5 - Tangible Net Worth	 <u>\$2,705</u>	 <u>\$ 0</u>	 <u>\$2,705</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, 2010 performed in accordance with the U.S. Nuclear Regulatory Commission (the "NRC") Regulation 10 C.F.R. Section 50.75(e)(1)(iii)(B) as mandated by the Parent Company Guaranty dated March 4, 2010. 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 28, 2011, from your Executive Vice President and Chief Financial Officer to the NRC regarding the \$15 Million Parental Guaranty 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 noting no differences.
  - 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 Nuclear Generation Corp.'s net book value of Beaver Valley Power Station, Unit No. 1; plus the amount of decommissioning liability of the nuclear unit assured under this parental guaranty from the Company's stockholders' equity noting no differences.

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 28, 2011



## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of FirstEnergy Corp.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, common stockholders' equity, and cash flows present fairly, in all material respects, the financial position of FirstEnergy Corp. and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Cleveland, Ohio  
February 16, 2011