



FirstEnergy Nuclear Operating Company

76 South Main Street
Akron, Ohio 44308

Peter P. Sena III
President and Chief Operating Officer

December 29, 2011
L-11-385

10 CFR 50.75

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
Perry Nuclear Power Plant
Docket No. 50-440, License No. NPF-58
Replacement of Parental Guaranty

By letter dated June 24, 2011 (Accession No. ML111751678), FirstEnergy Nuclear Operating Company (FENOC), on behalf of FirstEnergy Corp. (FE) and FirstEnergy Nuclear Generation Corp. (FENGenCo), provided notice to the Nuclear Regulatory Commission (NRC) that FE and FENGenCo intended to cancel and extinguish the \$15 million Parental Guaranty dated March 4, 2010. FE and FENGenCo sought NRC's prior written consent to cancel the existing \$15 million Parental Guaranty and replace it with a \$95 million Parental Guaranty dated June 14, 2011. However, the June 14, 2011 Parental Guaranty would not take effect until NRC issued written consent.

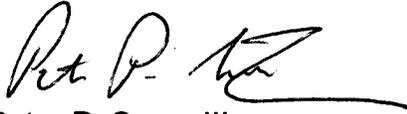
NRC has not issued written consent, and as such, the June 14, 2011 proffered Parental Guaranty never took effect. In order to assure that adequate financial assurance for decommissioning is promptly provided, FE is replacing the proffered Parental Guaranty with a Parental Guaranty that is immediately effective. Pursuant to Paragraph 13 of the March 4, 2010 Parental Guaranty, the \$15 million Parental Guaranty may be cancelled 120 days after notice is provided to the NRC. Based upon the June 24, 2011 notice, the \$15 million Guaranty has now been cancelled, and this is acknowledged in the enclosed replacement \$95 million Parental Guaranty dated December 19, 2011. The December 19, 2011 Parental Guaranty replaces both the Parental Guaranty dated March 4, 2010 and the Parental Guaranty dated June 14, 2011, which never took effect.

The certification that FE meets the applicable financial test was provided as Enclosure C to FENOC's June 24, 2011 letter. The financial test was conducted based on 2010 FE audited financial results.

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There are no regulatory commitments contained in this letter. If there are any questions or if additional information is required, please contact Mr. Phil H. Lashley, Supervisor - Fleet Licensing, at (330) 315-6808.

Sincerely,



Peter P. Sena, III

Enclosure:
Parental Guaranty

cc: NRC Region I Administrator
NRC Region III Administrator
NRC Resident Inspector for Beaver Valley Power Station
NRC Resident Inspector for Perry Nuclear Power Plant
NRC Project Manager for Beaver Valley Power Station
NRC Project Manager for Perry Nuclear Power Plant
Director BRP/DEP
Site BRP/DEP Representative

Enclosure
L-11-385

Parental Guaranty
(Five Pages Follow)

PARENTAL GUARANTY

GUARANTY, dated as of December 19, 2011, made by FirstEnergy Corp., an Ohio corporation (the "Guarantor") to Guarantor's indirect, wholly-owned subsidiary, FirstEnergy Nuclear Generation Corp. ("FENGenCo").

WITNESSETH:

WHEREAS, FENGenCo is an indirect, wholly-owned subsidiary of the Guarantor and has a 100% undivided ownership interest in Beaver Valley Power Station, Unit No. 1 ("BVPS 1") and 87.42 % of the undivided ownership of the Perry Nuclear Power Plant ("Perry");

WHEREAS, the NRC has promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations ("CFR"), Part 50 which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities;

WHEREAS, the Guarantor receives substantial indirect benefits from owning its indirect subsidiary, FENGenCo (which benefits are hereby acknowledged), and accordingly, desires to execute and deliver this Guaranty in order to provide financial assurance for FENGenCo's obligations for the decommissioning of BVPS 1 and Perry as required by 10 CFR Part 50;

WHEREAS, the Guarantor previously entered into a Guaranty dated March 4, 2010, which it intends to revoke and replace with this Guaranty;

WHEREAS, the Guarantor previously entered into a Guaranty dated as of June 14, 2011, which was intended to take effect, replace and supersede the prior Guaranty dated March 4, 2010, upon receipt of the prior written consent of the NRC;

WHEREAS, NRC never provided the required prior written consent for the June 14, 2011 Guaranty to take effect, replace and supersede the prior Guaranty dated March 4, 2010;

WHEREAS, the March 4, 2010 Guaranty will become void by virtue of the Notice submitted to NRC on June 24, 2011, the passage 120 days following such Notice as provided for in Paragraph 13 of such Guaranty dated March 4, 2010 and upon the execution of this Guaranty; and

WHEREAS, the Guarantor is entering into this Guaranty to replace both the Guaranty dated March 4, 2010, which is now void, and the June 14, 2011 Guaranty, which never took effect.

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to FENGenCo and hereby covenants and agrees as follows:

1. The Guarantor has full authority and capacity to enter into this Guaranty under its bylaws, articles of incorporation, and the laws of the State of Ohio, its state of incorporation. Guarantor has approval from its Board of Directors to enter into this Guaranty.

2. This Guaranty is being issued so that FENGenCo will be in compliance with regulations issued by the Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. This Guaranty is issued to provide financial assurance for decommissioning activities for BVPS 1, Docket No. 50-334, License No. DPR-66, and Perry, License No. NPF-58, Docket No. 50-440, as required by 10 CFR Part 50. The decommissioning costs for BVPS 1 and Perry are guaranteed in the amount of \$95 million.
4. The Guarantor will meet or exceed the criteria from Financial Test II.A.2 from 10 CFR Part 30, Appendix A and agrees to notify FENGenCo and the NRC of any changes in its ability to meet the Appendix A criteria in compliance with the notification requirements as specified in 10 CFR Part 50. Specifically, the Guarantor will possess:
 - (a)(i) A current rating of its senior unsecured debt rating of BBB- or higher as issued by Standard and Poor's, or Baa3 or higher as rated by Moody's; and
 - (ii) Tangible net worth is at least \$10 million and at least six times the current decommissioning cost estimate or Guaranty amount; and
 - (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the current decommissioning cost or Guaranty amount.
5. The Guarantor has an indirect majority control of the voting stock in FENGenCo. FENGenCo is located at 76 South Main Street, Akron, Ohio 44308. FENGenCo owns the BVPS 1 facility, License No. DPR-66 and has an 87.42 % interest in the Perry facility, License No. NFP-58.
6. The term "decommissioning activities" as used herein refers to the activities required by 10 CFR Part 50 for decommissioning of the facilities identified above.
7. For value received from FENGenCo and pursuant to the authority conferred upon the Guarantor, the Guarantor guarantees that if FENGenCo fails to perform the required decommissioning activities, as required by License No. DPR-66 and License No. NPF-58, due to lack of funds, the Guarantor shall:
 - (a) provide all funds necessary, up to the amount of this Guaranty to carry out the required activities, or
 - (b) set up a trust fund in favor of FENGenCo in the amount of this guaranty amount for these activities.
8. The Guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule to the NRC annually within 90 days of the close of the parent Guarantor's fiscal year.

9. The Guarantor and FENGenCo agree that if the Guarantor fails to meet the financial test criteria at any time after this Guaranty is established, the Guarantor and FENGenCo shall send, within 90 days of the end of the fiscal year in which the Guarantor fails to meet the financial test criteria, by certified mail, notice to the NRC. If FENGenCo fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance from the NRC within 180 days of the end of such fiscal year, the Guarantor shall provide such alternative financial assurance in the name of FENGenCo or make full payment under the Guaranty to a standby trust established by FENGenCo.
10. Independent of any notification under paragraph 8 above, if the NRC determines for any reason that the Guarantor no longer meets the financial test criteria or that it is disallowed from continuing as a Guarantor for the facilities under License No. DPR-66 and License No. NFP-58, the Guarantor agrees that within 90 days after being notified by the NRC of such determination, an alternative financial assurance mechanism as specified in 10 CFR Part 50 as applicable, shall be established by the Guarantor in the name of FENGenCo unless FENGenCo has done so.
11. The Guarantor as well as its successors and assigns shall remain bound jointly and severally under this Guaranty notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of FENGenCo pursuant to 10 CFR Part 50.
12. The Guarantor agrees that it will be liable for all litigation costs incurred by FENGenCo or the NRC in any successful effort to enforce the agreement against the Guarantor.
13. The Guarantor agrees to remain bound under this Guaranty for as long as FENGenCo must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facilities, except that this Guaranty may be cancelled and extinguished or the amount of the Guaranty specified in Paragraph 3 may be amended by the agreement of Guarantor and FENGenCo with the prior written consent of the NRC, and except that the Guarantor may cancel this Guaranty by sending notice by certified mail to the NRC and to FENGenCo, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and FENGenCo as evidenced by the return receipts, and except that this Guaranty maybe be cancelled and extinguished at any time if it is replaced by a Guaranty in a greater amount than the amount specified in Paragraph 3 hereof. If FENGenCo fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance within 120 days after the sending of the above notice by the Guarantor, the Guarantor shall provide such alternative financial assurance.
14. The Guarantor expressly waives notice of acceptance of this Guaranty by the NRC or by FENGenCo. The Guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the licenses.
15. The Guarantor files financial reports with the U.S. Securities and Exchange Commission (SEC), which are available to NRC and need not be submitted separately in accordance with 10 CFR 50.71(b).

16. This Guaranty and the rights and obligations of the FENGenCo and the Guarantor hereunder, shall be governed by and construed in accordance with the domestic laws of the State of Ohio without giving effect to any choice or conflict-of-law provision or rule (whether of Ohio or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Ohio. The Guarantor and the FENGenCo each consent to the exclusive jurisdiction and venue of any state or federal court within the State of Ohio for adjudication of any suit, claim, action or other proceeding at law or in equity relating to this Guaranty, or to any transaction contemplated hereby. The Guarantor and FENGenCo each accept, generally and unconditionally, the exclusive jurisdiction and venue of the aforesaid courts and waive any objection as to venue, and any defense of *forum non conveniens*. The Guarantor hereby irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Guarantor at its address set forth opposite its signature below, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of FENGenCo to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Guarantor in any other jurisdiction. The Guarantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with the Guaranty brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.
17. All notices and other communications hereunder shall be made to FirstEnergy Corp.'s Chief Financial Officer and General Counsel at 76 South Main Street, Akron, Ohio 44308.
18. It is intended that this Guaranty shall replace the existing Guaranty dated March 4, 2010, which will be cancelled, revoked and rescinded with no further force and effect by virtue of the Notice provided to NRC on June 24, 2011 and upon execution of this Guaranty. The Guaranty dated June 14, 2011 never took effect, because the condition precedent to its effectiveness (prior written consent of the NRC to the revocation of the Guaranty dated March 4, 2010) was never met; the Guaranty dated June 14, 2011 is now void. This replacement Guaranty shall be effective immediately.
19. If it is ever determined that the Guaranty dated March 4, 2010 remains enforceable and not properly cancelled, revoked and rescinded with no further force and effect, then the amount of this Guaranty specified in Paragraph 3 hereof shall be reduced by the amount (\$15 million) specified in Paragraph 3 of the Guaranty dated March 4, 2010. If it is ever determined that the Guaranty dated June 14, 2010 became effective and continues to be enforceable, then the amount of this Guaranty specified in Paragraph 3 hereof shall be reduced by the amount (\$95 million) specified in Paragraph 3 of the Guaranty dated June 14, 2011. For avoidance of doubt, the intent of the foregoing provisions is to assure that the amount of decommissioning liability guaranteed by FirstEnergy Corp. pursuant to any and all Parental Guaranties that are or may be enforceable as of the date set forth below shall be, and shall not in any case exceed, the total amount (\$95 million) specified in Paragraph 3 hereof.

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

Effective date: December 19, 2011

FirstEnergy Corp.

By James F. Pearson

James F. Pearson
Vice President & Treasurer

STATE OF OHIO
COUNTY OF SUMMIT

Subscribed and sworn to me, a Notary Public, in and for the City/County and State above named, this 19th day of Dec, 2011.

Michelle A. Buchtel

My Commission Expires: 8/28/2016

FirstEnergy Nuclear Generation Corp.

By Rhonda S. Ferguson

Rhonda S. Ferguson
Vice President & Corporate Secretary



Michelle A. Buchtel
Resident Summit County
Notary Public, State of Ohio
My Commission Expires: 08/28/2016

STATE OF OHIO
COUNTY OF SUMMIT

Subscribed and sworn to me, a Notary Public, in and for the City/County and State above named, this 19 day of Dec., 2011.

Kelly Ingersoll

My Commission Expires: 11.22.14

KELLY INGERSOLL
NOTARY PUBLIC • STATE OF OHIO
Recorded in Wayne County
My commission expires Nov. 22, 2014