



341 White Pond Drive
Akron, Ohio 44320

Paul A. Harden
Sr. Vice President & Chief Operating Officer

330-436-1360

June 30, 2015
L-15-196

10 CFR 72.30(b)

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

SUBJECT:
Beaver Valley Power Station ISFSI
Docket No. 72-1043
Davis-Besse Nuclear Power Station ISFSI
Docket No. 72-14
Perry Nuclear Power Plant ISFSI
Docket No. 72-69
Replacement of Parental Guaranty

By letter dated July 2, 2014 (Accession No. ML14183B295), FirstEnergy Nuclear Operating Company (FENOC) submitted, to the Nuclear Regulatory Commission (NRC), an amended and restated \$19 million parental guaranty for the FirstEnergy Nuclear Generation, LLC (FENGen) obligations associated with Beaver Valley Power Station Independent Spent Fuel Storage Installation (ISFSI), Davis-Besse Nuclear Power Station ISFSI, and Perry Nuclear Power Plant (PNPP) ISFSI.

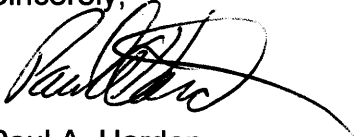
By letter dated March 31, 2015, "Annual Financial Test for a Parent Guarantee," FENOC stated that the amount of financial assurance for the FENGen obligations for the aforementioned ISFSIs should be increased from \$19 million to \$20.5 million. The letter included the annual financial test for FirstEnergy Solutions Corp. (FES), the direct parent for FENGen, which provides for the increase in the FENGen parental guaranty to \$20.5 million. Additionally, the letter provided the requisite 30 day notification to the NRC regarding amending the FENGen parental guaranty.

FENGen has obtained an amended and revised parental guaranty in the amount of \$20.5 million from FES. This letter and the \$20.5 million parental guaranty provided in the enclosure provides notice of the cancellation of the FENGen \$19 million guaranty from FES. The \$20.5 million guaranty takes effect upon cancellation of the \$19 million guaranty.

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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. Thomas A. Lentz, Manager – Fleet Licensing, at (330) 315-6810.

Sincerely,



Paul A. Harden

Enclosure:
\$20.5 Million Parental Guaranty

cc: NRC Region I Administrator
NRC Region III Administrator
NRC Resident Inspector for BVPS
NRC Resident Inspector for DBNPS
NRC Resident Inspector for PNPP
NRC Project Manager for BVPS
NRC Project Manager for DBNPS
NRC Project Manager for PNPP
Director BRP/DEP
Site BRP/DEP Representative
Utility Radiological Safety Board

Enclosure
L-15-196

**\$20.5 Million Parental Guaranty
(Eight pages follow)**

PARENTAL GUARANTY

GUARANTY, dated as of June 29, 2015, made by FirstEnergy Solutions Corp., an Ohio corporation (the "Guarantor") to Guarantor's wholly owned subsidiary, FirstEnergy Nuclear Generation, LLC ("FENGen").

WITNESSETH:

WHEREAS, FENGen is a direct, wholly owned subsidiary of the Guarantor and is licensed to possess a 100% undivided ownership interest in Davis-Besse Nuclear Power Station ("Davis-Besse"), an 87.42 % undivided ownership interest in Perry Nuclear Power Plant ("Perry"), a 100% undivided ownership interest in Beaver Valley Power Station ("BVPS"), Unit 1, and a 60.08% undivided ownership interest in BVPS, Unit 2, for which independent spent fuel storage installations ("ISFSIs") have been developed for onsite storage of spent nuclear fuel;

WHEREAS, the U.S. Nuclear Regulatory Commission ("NRC") has promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations ("CFR"), Part 72 which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 72 provide assurance that funds will be available when needed for required decommissioning activities;

WHEREAS, the Guarantor receives substantial benefits from owning its direct subsidiary, FENGen (which benefits are hereby acknowledged), and accordingly, desires to execute and deliver this Guaranty in order to provide financial assurance for FENGen's obligations for the decommissioning of the Davis-Besse, Perry and BVPS ISFSIs, as required by 10 CFR Part 72;

WHEREAS, FirstEnergy Corp. has provided a separate Parental Guaranty in the amount of \$4 Million for the benefit of its wholly owned subsidiaries, Ohio Edison Company ("OE") and The Toledo Edison Company ("TE"), given that OE leases and is licensed to possess a 12.58% interest in Perry and 21.66% interest in BVPS, Unit 2, and TE leases and is licensed to possess an 18.26% interest in BVPS, Unit 2; and

WHEREAS, this \$20.5 Million Guaranty replaces the \$19 Million Amended and Restated Parental Guaranty issued by FirstEnergy Solutions Corp. dated June 30, 2014.

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 FENGen, and Guarantor 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 FENGen will be in compliance with regulations issued by the 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 72, which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 72 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 the Davis-Besse ISFSI, Docket No. 72-14, the Perry ISFSI, Docket No. 72-69, and the BVPS ISFSI, Docket No. 72-1043, as required by 10 CFR Part 72. The decommissioning costs for the Davis-Besse, Perry and BVPS ISFSIs are guaranteed in the amount of \$20.5 Million. This amount exceeds 100% of the estimated cost of decommissioning the Davis-Besse ISFSI, 87.42% of the estimated cost of decommissioning the Perry ISFSI, and 80.04% of the estimated cost of decommissioning the BVPS ISFSI.
4. The Guarantor will meet or exceed the criteria from Financial Test II.A.2 from 10 CFR Par 30, Appendix A and agrees to notify FENGen 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 30. Specifically, the Guarantor will possess:
 - (a)(i) A current rating of its most recent uninsured, uncollateralized, and unencumbered bond issuance 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 \$21 Million and total net worth of at least six times the amount of decommissioning funds being assured by this guarantee; 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 a majority control of the voting interests in FENGen. FENGen is located at 76 South Main Street, Akron, Ohio 44308. FENGen owns the Davis-Besse facility, has an 87.42 % interest in the Perry facility, and has an 80.04% interest in the BVPS facility, by virtue of its 100% interest in BVPS, Unit 1 and 60.08% interest in BVPS, Unit 2.
6. The term "decommissioning activities" as used herein refers to the activities required by 10 CFR Part 72 for decommissioning of the facilities identified above.
7. The Nuclear Decommissioning Master Trust Agreement, entered into with Mellon Bank, N.A. (now, Bank of New York Mellon, a New York state bank having trust powers) on December 1, 2005, was established to maintain funds for decommissioning. This master trust agreement establishes the FE Davis-Besse Nonqualified Fund, the FE Perry Nonqualified Fund, the FE BVPS 1 Nonqualified Fund, and the FE BVPS 2 Nonqualified Fund, which will serve as the "standby trusts" contemplated by the NRC's regulations for payment of funds under this Guaranty.
8. For value received from FENGen and pursuant to the authority conferred upon the Guarantor, the Guarantor guarantees that if FENGen fails to perform the required decommissioning activities 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) pay into the existing trust fund referenced in Paragraph 7 the amount of this Guaranty for these activities. The Guarantor will instruct the trustee to maintain the funds for each ISFSI in a separate subaccount from funds for general decommissioning activities.
- 9. 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.
- 10. The Guarantor and FENGen agree that if the Guarantor fails to meet the financial test criteria at any time after this Guaranty is established, the Guarantor and FENGen shall send, within 90 days of the end of the fiscal year in which the Guarantor fails to meet the financial test criteria, written notice to the NRC using NRC's electronic information exchange. Such written notice also should be made by FENGen within 90 days of any matters coming to the auditor's attention which cause the auditor to believe that the data specified in the financial test should be adjusted and that the Guarantor no longer passes the test. If FENGen fails to provide alternative financial assurance as specified in 10 CFR Part 72, as applicable, which must be submitted to NRC within 120 days of the end of such fiscal year or upon making notice that the Guarantor no longer passes the test, and obtain written approval of such assurance from the NRC within 60 days of the submittal, the Guarantor shall provide such alternative financial assurance in the name of FENGen, or make full payment under the Guaranty to the existing standby trust(s) established by FENGen.
- 11. 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 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 72 as applicable, shall be established by the Guarantor in the name of FENGen unless FENGen has done so.
- 12. 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 FENGen pursuant to 10 CFR Part 72.
- 13. The Guarantor agrees that it will be liable for all litigation costs incurred by FENGen or the NRC in any successful effort to enforce the agreement against the Guarantor.
- 14. The Guarantor agrees to remain bound under this Guaranty and financial test provisions for the previously listed facilities until the Commission has terminated the licenses, accepted in writing the parent company's alternate financial assurances, or accepted in writing the licensee's financial assurance, except that this Guaranty may be amended by the agreement of Guarantor and FENGen with 30 days prior written notice to the NRC, and except that the

Guarantor may cancel this Guaranty by sending written notice to the NRC using NRC's electronic information exchange, such cancellation to become effective 120 days after receipt of such notice by NRC, as evidenced by the return receipts. Guarantor shall also notify FENGen. If FENGen fails to provide alternative financial assurance as specified in 10 CFR Part 72, 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, or make full payment under the Guaranty to the existing standby trust established by FENGen.

15. The Guarantor expressly waives notice of acceptance of this Guaranty by the NRC or by FENGen. The Guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the licenses.
16. 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 72.80(b).
17. The Guarantor agrees that if the Guarantor admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of creditors, or any proceeding is instituted by or against the Guarantor seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for the Guarantor or for any substantial part of its property, or the Guarantor takes any action to authorize or effect any of the actions stated in the paragraph, the Commission may:
 - (a) declare that the financial assurance guaranteed by the this Guaranty is immediately due and payable to the existing trust referenced in Paragraph 7, without diligence, presentment, demand, protest, or any other notice of any kind, all of which are expressly waived by Guarantor; or
 - (b) exercise any and all of its other rights under applicable law.
18. The Guarantor agrees to notify the NRC, in writing, immediately following the filing of a voluntary or involuntary petition for bankruptcy under any chapter of title 11 (Bankruptcy) of the United States Code, or the occurrence of any other event listed in Paragraph 17, by or against:
 - (a) the Guarantor;
 - (b) FENGen;
 - (c) an entity (as that term is defined in 11 U.S.C. 101(15)) controlling FENGen or listing the licenses, FENGen as property of the estate; or
 - (d) an affiliate (as that term is defined in 11 U.S.C. 101(2)) of FENGen.

19. The notification required by Paragraph 18 must include the following:
- (a) a description of the event, including major creditors, the amounts involved, and the actions taken to assure that the amount of funds guaranteed by this Guaranty for decommissioning will be transferred to the existing trust referenced in Paragraph 7 as soon as possible;
 - (b) if a petition of bankruptcy was filed, the identity of the bankruptcy court in which the petition for bankruptcy was filed; and
 - (c) the date of filing of any petitions.
20. This Guaranty and the rights and obligations of the FENGen 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 the State of Ohio or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Ohio. The Guarantor and FENGen 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 FENGen 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 FENGen 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.
21. All notices and other communications hereunder shall be made to the Guarantor's Chief Financial Officer and General Counsel at 341 White Pond Drive, Akron, Ohio 44320.
22. If it is ever determined that the Amended and Restated Parental Guaranty dated June 30, 2014 issued by FirstEnergy Solutions Corp. in the amount of \$19 Million ("\$19 Million Guaranty"), or any prior Parental Guaranty for ISFSI decommissioning, remains enforceable and not properly cancelled, revoked and rescinded with no further force and effect, than the amount of this Guaranty specified in Paragraph 3 hereof and the amount of the \$4 Million Amended and Restated Parental Guaranty that is provided separately by FirstEnergy Corp., shall be reduced by the amount specified in such prior Parental Guaranty which remains in effect. For avoidance of doubt, Notice is hereby given to the NRC of the cancellation of the obligations of FirstEnergy Solutions Corp. under the \$19 Million Guaranty and any prior

Parental Guaranty for ISFSI decommissioning, and this Guaranty is provided as the alternative assurance required by Section 14 of the \$19 Million Guaranty for the ISFSI decommissioning obligations of FENGen and only FENGen.

23. This Guaranty shall replace the existing \$19 Million Guaranty issued by FirstEnergy Solutions Corp., with respect to the obligations of FENGen with respect to the Beaver Valley, Davis-Besse, and Perry ISFSIs. The \$19 Million Guaranty took effect on August 1, 2014, 30 days after the July 2, 2014 notice submitted to NRC, and it cancelled the prior Guaranty dated June 11, 2013. This Guaranty shall be effective 30 days after receipt by the NRC of written notice of this Guaranty. A \$4 Million Amended and Restated Parental Guaranty from FirstEnergy Corp. dated June 30, 2014 remains in effect with respect to the obligations of Ohio Edison Company and The Toledo Edison Company as set forth therein.

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The undersigned has caused this Guaranty to be executed and delivered as of the day and year first above written.

FirstEnergy Solutions Corp.

By Steven R. Staub

Steven R. Staub
Vice President & Treasurer

Acknowledged as of June 29, 2015

FirstEnergy Nuclear Generation, LLC

By Rhonda S. Ferguson

Rhonda S. Ferguson
Vice President & Corporate Secretary

CERTIFICATION

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

Effective date: June 29, 2015

FirstEnergy Solutions Corp.

By Steven R. Staub

Steven R. Staub
Vice President & Treasurer

STATE OF OHIO
COUNTY OF SUMMIT

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 29th day of June, 2015.

Lynne Thomas

My Commission Expires: 2/13/2017

FirstEnergy Nuclear Generation, LLC

By Rhonda S. Ferguson

Rhonda S. Ferguson
Vice President & Corporate Secretary



Lynne Thomas
Notary Public, State of Ohio
My Commission Expires
February 13, 2017

STATE OF OHIO
COUNTY OF SUMMIT

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 29th day of June, 2015.

Samantha B. Sarah

SAMANTHA B. SARAH
NOTARY PUBLIC • STATE OF OHIO
Recorded in Portage County
My commission expires Dec. 21, 2019

My Commission Expires: 12/21/2019