



~~OFFICIAL USE ONLY PROPRIETARY INFORMATION~~

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

April 14, 2017

Mr. Marty L. Richey, 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 2 – ORDER APPROVING
TRANSFER OF LICENSE AND CONFORMING AMENDMENT
(CAC NO. MF8066)

Dear Mr. Richey:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of FirstEnergy Nuclear Operating Company's (FENOC or the applicant) application dated June 24, 2016 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML16182A155), as supplemented by letters dated September 13, 2016; December 15, 2016; and March 16, 2017 (ADAMS Accession Nos. ML16257A235, ML16350A077, and ML17075A210, respectively). FENOC's application requests approval of the direct transfer of the Toledo Edison Company's 18.26 percent leased interest in Beaver Valley Power Station, Unit 2 (BVPS-2), and the Ohio Edison Company's 21.66 percent leased interest in BVPS-2, to FirstEnergy Nuclear Generation, LLC. Additionally, FENOC requested NRC approval of an administrative amendment to conform the license (Renewed Facility Operating License (RFOL) No. NPF-73) to reflect this transfer to FirstEnergy Nuclear Generation, LLC.

Portions of FENOC's application dated June 24, 2016, as supplemental by letter dated March 16, 2017, contain proprietary information. Accordingly, the NRC has withheld those from public disclosure pursuant to Section 2.390 of Title 10 of the *Code of Federal Regulations* (10 CFR).

The enclosed Order (Enclosure 1) approves the proposed direct transfer of the leased interests of the license pursuant to 10 CFR 50.80, "Transfer of licenses," and 50.90, "Application for amendment of license, construction permit, or early site permit," and subject to the conditions described therein. The Order also approves the enclosed draft conforming license amendment for RFOL No. NPF-73 (Enclosure 2) to reflect the proposed transfer, which will be revised only to reflect the final company names, and will be issued and made effective at the time the transfer is completed.

Enclosure 3 to this letter contains proprietary information. When separated from Enclosure 3, this letter is DECONTROLLED.

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M. Richey

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The NRC staff has determined that the enclosed related safety evaluation (Enclosure 3) contains proprietary information pursuant to 10 CFR 2.390. The NRC staff has also prepared a nonproprietary version of the safety evaluation (Enclosure 4).

The NRC has forwarded this Order to the Office of the Federal Register for publication.

Sincerely,



Taylor A. Lamb, Project Manager
Plant Licensing Branch I
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-412

Enclosures:

1. Order
2. Conforming License Amendment to NPF-73
3. Safety Evaluation (proprietary)
4. Safety Evaluation (nonproprietary)

cc: Mr. Charles E. Jones
President and Chief Executive Officer
FirstEnergy Corporation
76 South Main Street
Akron, OH 44308

Mr. Samuel L. Belcher
President and Chief Nuclear Officer
FirstEnergy Nuclear Operating Company
341 White Pont Drive
Akron, OH 44320

cc w/o Enclosure 3: Listserv

~~OFFICIAL USE ONLY - PROPRIETARY INFORMATION~~

ENCLOSURE 1

ORDER APPROVING DIRECT TRANSFER OF LICENSE AND
CONFORMING AMENDMENT FOR
BEAVER VALLEY POWER STATION, UNIT 2
RESULTING FROM TRANSFER OF THE LEASED INTERESTS
FROM TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
TO FIRSTENERGY NUCLEAR GENERATION, LLC

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
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FIRSTENERGY NUCLEAR)	
OPERATING COMPANY)	
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Beaver Valley Power Station, Unit 2)	Docket No. 50-412
Unit No. 2)	License No. NPF-73

ORDER APPROVING DIRECT TRANSFER OF LICENSE AND APPROVING
CONFORMING AMENDMENT

I.

FirstEnergy Nuclear Operating Company (FENOC or the applicant), acting as an agent for and on behalf of FirstEnergy Nuclear Generation, LLC (FENGen), the Toledo Edison Company (TE), and the Ohio Edison Company (OE), requested that the U.S. Nuclear Regulatory Commission (NRC or the Commission) consent to the direct transfer of TE's 18.26 percent leased interest in Beaver Valley Power Station, Unit 2 (BVPS-2) to FENGen, and OE's 21.66 percent leased interest in BVPS-2 to FENGen. TE and OE, with respect to their leased interests, and FENGen, are co-holders of Renewed Facility Operating License No. NPF-73. The BVPS-2 facility is located in Beaver County, PA.

II.

By application dated June 24, 2016, as supplemented by letters dated September 13, 2016; December 15, 2016; and March 16, 2017, the applicant requested on behalf of itself, FENGen, TE, and OE, pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations* (10 CFR 50.80), that the NRC consent to the direct transfer of TE's 18.26

percent leased interest in BVPS-2 and OE's 21.66 percent interest in BVPS-2 (combined 39.92 percent leased interest in BVPS-2), to FENGen. Upon execution of this proposed transfer, FENGen would own 100 percent of BVPS-2, and FENOC would continue to operate the facility.

FENOC requested that the NRC approve the direct transfer of the leased interest in the facility operating license. The NRC published a *Federal Register* notice titled, "Beaver Valley Power Station, Unit 2, Consideration of Approval of Transfer of License and Conforming Amendment [Docket No. 50-412; NRC-2016-0277]," on January 23, 2017 (82 FR 7880). The NRC received no comments or hearing requests in response to this notice.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the NRC shall give its consent in writing. Upon review of the information in the application, and other information before the Commission, the NRC staff has determined that FENGen is qualified to hold the license to the extent proposed to permit the transfer of Toledo Edison Company's and Ohio Edison Company's combined 39.92 percent leased interest in BVPS-2, and that the transfers of the license are otherwise consistent with the applicable provisions of law, regulations, and orders issued by the NRC, pursuant thereto, subject to the conditions set forth below. The NRC staff has further found that:

- The application for the proposed license amendment complies with the standards and requirements of the Atomic Energy Act of 1954 (the Act), as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I.
- The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission.

- There is reasonable assurance that the activities authorized by the proposed license amendment can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations.
- The issuance of the proposed license amendment will not be inimical to the common defense and security or to the health and safety of the public.
- The issuance of the proposed amendment will be in accordance with 10 CFR part 51, and all applicable requirements have been satisfied.

The findings set forth above are supported by a safety evaluation dated April 14, 2017.

III.

Accordingly, pursuant to §§ 161b, 161i, 161o, and 184 of the Act; 42 USC §§ 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80, IT IS HEREBY ORDERED that the NRC approves the application for the proposed direct license transfer, subject to the following condition:

FENGen shall provide satisfactory documentary evidence to the Director of the Office of Nuclear Reactor Regulation that, as of the date of the license transfer, the licensees reflected in the amended license obtained the appropriate amount of insurance required of a licensee under 10 CFR Part 140 and 10 CFR 50.54(w).

IT IS FURTHER ORDERED that consistent with 10 CFR 2.1315(b), the NRC approves the license amendment that makes a change, as indicated in the Conforming License Amendment to License No. NPF-73. The NRC shall issue and make effective the amendment at the time the proposed direct transfer action is completed.

IT IS FURTHER ORDERED that after receipt of all required regulatory approvals of the proposed direct transfer action, the applicant shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt no later than 5 business days prior to the date of the closing of the direct transfer. Should the proposed direct transfer not be completed by

April 14, 2018, this Order shall become null and void, provided, however, upon written application and good cause shown, the NRC may extend such date by order.

This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated June 24, 2016 (ADAMS Accession No. ML16182A155), as supplemented by letters dated September 13, 2016; December 15, 2016; and March 16, 2017 (ADAMS Accession Nos. ML16257A235, ML16350A077, and ML17075A210, respectively), and the safety evaluation dated April 14, 2017 (ADAMS Accession No. ML17081A433 (nonproprietary)), which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, MD. Publicly available documents created or received at the NRC are accessible electronically through ADAMS in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR reference staff by telephone at 1-800-397-4209 or 301-415-4737, or by e-mail to pdr.resource@nrc.gov.

Dated at Rockville, Maryland, this 14 day of April 2017.

For the Nuclear Regulatory Commission.


William M. Dean, Director,
Office of Nuclear Reactor Regulation.

ENCLOSURE 2

DRAFT CONFORMING LICENSE AMENDMENT FOR
BEAVER VALLEY POWER STATION, UNIT 2
RENEWED FACILITY OPERATING LICENSE NO. NPF-73



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

FIRSTENERGY NUCLEAR GENERATION, LLC

DOCKET NO. 50-412

BEAVER VALLEY POWER STATION, UNIT 2

AMENDMENT TO RENEWED FACILITY OPERATING LICENSE

Amendment No.
Renewed License No. NPF-73

1. The U.S. Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by FirstEnergy Nuclear Operating Company, (FENOC) acting on its own behalf and as agent for FirstEnergy Nuclear Generation, LLC; the Toledo Edison Company; and the Ohio Edison Company, dated June 24, 2016, as supplemented by letters dated September 13, 2016; December 15, 2016; and March 16, 2017, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I.
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, the license is amended by changes as indicated in the attachment to this license amendment.

3. This license amendment is effective as of its date of issuance and shall be implemented within 90 days from the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

William M. Dean, Director
Office of Nuclear Reactor Regulation

Attachment:
Changes to the Renewed Facility
Operating License

Date of Issuance:

BEAVER VALLEY POWER STATION, UNIT 2
ATTACHMENT TO LICENSE AMENDMENT NO.
FACILITY OPERATING LICENSE NO. NPF-73
DOCKET NO. 50-412

Replace the following pages of the Renewed Facility Operating License with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

<u>Remove Pages</u>	<u>Insert Pages</u>
1	1
2	2
3	3
4	4
6	6
D-1	D-1
D-2	D-2
D-3	D-3
D-4	D-4
D-5	D-5
D-6	D-6
B-1	B-1

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

FIRSTENERGY NUCLEAR OPERATING COMPANY

FIRSTENERGY NUCLEAR GENERATION, LLC

DOCKET NO. 50-412

BEAVER VALLEY POWER STATION, UNIT 2

RENEWED FACILITY OPERATING LICENSE

License No. NPF-73

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application to renew Facility Operating License No. NPF-73 filed by FirstEnergy Nuclear Operating Company (FENOC)* acting on its own behalf and as agent for FirstEnergy Nuclear Generation, LLC (the licensees), complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Beaver Valley Power Station, Unit 2 (the facility), has been substantially completed in conformity with Construction Permit No. CPPR-105 and the application, as amended, the provisions of the Act, and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
 - D. There is reasonable assurance: (i) that the activities authorized by this renewed operating license can be conducted without endangering the health and safety of the public and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);

*FENOC is authorized to act as agent for FirstEnergy Nuclear Generation, LLC and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility.

Amendment No.
Renewed Operating License NPF-73

- E. FENOC is technically qualified to engage in the activities authorized by this renewed operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - G. The issuance of this renewed operating license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Renewed Operating License No. NPF-73 is subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations, and all applicable requirements have been satisfied;
 - I. The receipt, possession and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70.
 - J. Actions have been identified and have been or will be taken with respect to: (1) managing the effects of aging on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1) during the period of extended operation, and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by this renewed operating license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3 for the facility, and that any changes made to the facility's current licensing basis in order to comply with 10 CFR 54.29(a) are in accordance with the Act and the Commission's regulations;
2. Renewed Facility Operating License NPF-73 is hereby issued to FENOC and FirstEnergy Nuclear Generation, LLC (the licensees) to read as follows:
- A. This renewed license applies to the Beaver Valley Power Station, Unit 2, a pressurized water reactor and associated equipment (the facility), owned by FirstEnergy Nuclear Generation, LLC (owner) and operated by FENOC (collectively the licensees). The facility is located on the licensees' site on the southern shore of the Ohio River in Beaver County, Pennsylvania, approximately 22 miles northwest of Pittsburgh and 5 miles east of East Liverpool, Ohio, and is described in FENOC's Updated Final Safety Analysis Report, as supplemented and amended, and in its Environmental Report, as supplemented and amended;
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, FENOC to possess, use, and operate the facility at the designated location in Beaver County, Pennsylvania, in accordance with the procedures and limitations set forth in this license;

- (2) Pursuant to the Act and 10 CFR Part 50, FirstEnergy Nuclear Generation, LLC to possess the facility at the designated location in Beaver County, Pennsylvania, in accordance with the procedures and limitations set forth in the license;
- (3) Pursuant to the Act and 10 CFR Part 70, FENOC, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Updated Final Safety Analysis Report, as supplemented and amended;
- (4) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, FENOC to receive, possess, and use at any time any byproduct, source, and special nuclear material such as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, FENOC to receive, possess, and use in amounts as required any byproduct, source, or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or other activity associated with radioactive apparatus or components;
- (6) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, FENOC to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility authorized herein.
- (7) Deleted

C. This renewed operating license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations set forth in 10 CFR Chapter 1 and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

FENOC is authorized to operate the facility at a steady state reactor core power level of 2900 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. , and the Environmental Protection Plan contained in Appendix B, both of which are attached hereto are hereby incorporated in the license. FENOC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(8) Detailed Control Room Design Review (DCRDR)

Deleted

(9) Safety Parameter Display System (SPDS)

Deleted

(10) Fire Protection Modifications (Section 9.5.1 of SER Supplement 6)

Deleted

(11) Additional Conditions

The Additional Conditions contained in Appendix D, as revised through Amendment No. , are hereby incorporated into this license. FENOC shall operate the facility in accordance with the Additional Conditions.

(12) Steam Generator Surveillance Interval Extension

Deleted

(13) Mitigation Strategy License Condition

The licensee shall develop and maintain strategies for addressing large fires and explosions and that include the following key areas:

- (a) Fire fighting response strategy with the following elements:
 - 1. Pre-defined coordinated fire response strategy and guidance
 - 2. Assessment of mutual aid fire fighting assets
 - 3. Designated staging areas for equipment and materials
 - 4. Command and control
 - 5. Training of response personnel

- (b) Operations to mitigate fuel damage considering the following:
 - 1. Protection and use of personnel assets
 - 2. Communications
 - 3. Minimizing fire spread
 - 4. Procedures for implementing integrated fire response strategy
 - 5. Identification of readily-available pre-staged equipment
 - 6. Training on integrated fire response strategy
 - 7. Spent fuel pool mitigation measures

- (c) Actions to minimize release to include consideration of:
 - 1. Water spray scrubbing
 - 2. Dose to onsite responders

APPENDIX D

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. NPF-73

FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
83	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated September 9, 1996, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from April 14, 1997
87	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated March 14, 1997, as supplemented July 29 and August 13, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from December 10, 1997
88	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated September 11, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 30 days from January 20, 1998
98	The licensee commits to perform visual acceptance examinations of sleeve welds; post weld heat treatment of sleeve welds; and the NRC-recommended inspections of repaired tubes as described in the licensee's application dated March 10, 1997, as supplemented July 28, 1997, September 17, 1997, April 30, 1998, and January 29, 1999, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 26, 1999

APPENDIX D

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. NPF-73

FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
102	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these Technical Specification requirements to the appropriate documents as described in the licensee's application dated December 24, 1998, as supplemented June 15, June 17, and July 7, 1999, and evaluated in the staff's evaluation attached to this amendment.	The amendment shall be implemented within 60 days from August 30, 1999
151	On the closing date(s) of the transfers to FENGenCo* of their interests in Beaver Valley Power Station, Unit No. 2, Pennsylvania Power Company, The Cleveland Electric Illuminating Company, Ohio Edison Company, and The Toledo Edison Company shall transfer to FENGenCo* all of each transferor's respective accumulated decommissioning funds for Beaver Valley Power Station, Unit No. 2, except for funds associated with the leased portions of Beaver Valley Power Station, Unit No. 2, and tender to FENGenCo* additional amounts equal to remaining funds expected to be collected in 2005, as represented in the application dated June 1, 2005, but not yet collected by the time of closing. All of the funds shall be deposited in a separate external trust fund for the reactor in the same amount as received with respect to the unit to be segregated from other assets of FENGenCo* and outside its administrative control, as required by NRC regulations, and FENGenCo* shall take all necessary steps to ensure that this external trust fund is maintained in accordance with the requirements of the order approving the transfer of the license and consistent with the safety evaluation supporting the order and in accordance with the requirements of 10 CFR Section 50.75, "Reporting and recordkeeping for decommissioning planning."	The amendment shall be implemented within 30 days from December 16, 2005

* FirstEnergy Nuclear Generation Corp. (FENGenCo) has been renamed FirstEnergy Nuclear Generation, LLC.

APPENDIX D

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. NPF-73

FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
151	<p>By the date of closing of the transfer of the ownership interests in Beaver Valley Power Station, Unit No. 2 from Pennsylvania Power Company to FENGenCo*, FENGenCo* shall obtain a parent company guarantee from FirstEnergy in an initial amount of at least \$80 million (in 2005 dollars) to provide additional decommissioning funding assurance regarding such ownership interests. Required funding levels shall be recalculated annually and, as necessary, FENGenCo* shall either obtain appropriate adjustments to the parent company guarantee or otherwise provide any additional decommissioning funding assurance necessary for FENGenCo* to meet NRC requirements under 10 CFR 50.75.</p> <p>The Support Agreements described in the applications dated May 18, 2005 (up to \$80 million), and June 1, 2005 (up to \$400 million), shall be effective consistent with the representations contained in the applications. FENGenCo* shall take no action to cause FirstEnergy, or its successors and assigns, to void, cancel, or modify the Support Agreements without the prior written consent of the NRC staff, except, however, the \$80 million Support Agreement in connection with the transfer of the Pennsylvania Power Company interests may be revoked or rescinded if and when the \$400 million support agreement described in the June 1, 2005, application becomes effective. FENGenCo* shall inform the Director of the Office of Nuclear Reactor Regulation, in writing, no later than ten days after any funds are provided to FENGenCo* by FirstEnergy under either Support Agreement.</p>	The amendment shall be implemented within 30 days from December 16, 2005

* FirstEnergy Nuclear Generation Corp. (FENGenCo) has been renamed FirstEnergy Nuclear Generation, LLC.

APPENDIX D

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. NPF-73

FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
161	<p data-bbox="429 525 1255 562"><u>Schedule for New and Revised Surveillance Requirements (SRs)</u></p> <p data-bbox="429 588 1255 661">The schedule for performing SRs that are new or revised in Amendment No. 161 shall be as follows:</p> <p data-bbox="462 682 1255 787">For SRs that are new in this amendment, the first performance is due at the end of the first surveillance interval, which begins on the date of implementation of this amendment.</p> <p data-bbox="462 808 1255 976">For SRs that existed prior to this amendment, whose intervals of performance are being reduced, the first reduced surveillance interval begins upon completion of the first surveillance performed after implementation of this amendment.</p> <p data-bbox="462 997 1255 1165">For SRs that existed prior to this amendment, whose intervals of performance are being extended, the first extended surveillance interval begins upon completion of the last surveillance performed prior to implementation of this amendment.</p> <p data-bbox="462 1186 1255 1396">For SRs that existed prior to this amendment that have modified acceptance criteria, the first performance subject to the modified acceptance criteria is due at the end of the first surveillance interval that began on the date the surveillance was last performed prior to the implementation of this amendment.</p>	The amendment shall be implemented within 150 days from date of issuance
161	<p data-bbox="429 1417 1255 1459"><u>Relocation of Certain Technical Specification Requirements</u></p> <p data-bbox="429 1480 1255 1743">License Amendment No. 161 authorizes the relocation of certain Technical Specifications to other licensee-controlled documents. Implementation of this amendment shall include relocation of the requirements to the specified documents, as described in (1) Sections 4D and 4E of the NRC staff's Safety Evaluation, and (2) Table LA, Removed Detail Changes, and Table R, Relocated Specifications, attached to the NRC staff's Safety Evaluation, which is enclosed in this amendment.</p>	The amendment shall be implemented within 150 days from date of issuance

APPENDIX D

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. NPF-73

FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
163	<p><u>Initial Performance of New Surveillance and Assessment Requirements</u></p> <p>Upon implementation of Amendment No. 163 adopting TSTF-448, Revision 3, the determination of control room envelope (CRE) unfiltered air inleakage as required by Surveillance Requirement (SR) 3.7.10.4, in accordance with Specification 5.5.14.c(i), the assessment of CRE habitability as required by Specification 5.5.14.c(ii), and the measurement of CRE pressure as required by Specification 5.5.14.d, shall be considered met. Following implementation:</p> <ul style="list-style-type: none">(a) The first performance of SR 3.7.10.4, in accordance with Specification 5.5.14.c(i), shall be within the specified Frequency of 6 years, plus the 18-month allowance of SR 3.0.2, as measured from the date of the most recent successful tracer gas test, or within the next 18 months if the time period since the most recent successful tracer gas test is greater than 6 years.(b) The first performance of the periodic assessment of CRE habitability, Specification 5.5.14.c(ii), shall be within 3 years, plus the 9-month allowance of SR 3.0.2, as measured from the date of the most recent successful tracer gas test, or within the next 9 months if the time period since the most recent successful tracer gas test is greater than 3 years.(c) The first performance of the periodic measurement of CRE pressure, Specification 5.5.14.d, shall be within 18 months, plus the 138 days allowed by SR 3.0.2, as measured from the date of the most recent successful pressure measurement test.	<p>The amendment shall be implemented within 120 days from date of issuance</p>

APPENDIX D

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. NPF-73

FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
	Based on the Commission's Order dated _____, 2017 regarding the direct transfer from Ohio Edison Company (OE) and The Toledo Edison Company (TE) to FirstEnergy Nuclear Generation, LLC (FENGen), FENOC and FENGen shall comply with the following conditions noted Below.	The amendment shall be implemented within 90 days from June 1, 2017
	A. By June 1, 2017, OE and TE shall initiate the transfer to FENGen the accumulated decommissioning funds held by OE and TE for Beaver Valley Unit 2. All such funds shall be deposited and held in the FENGen nuclear decommissioning trust for Beaver Valley Unit 2 along with other funds maintained by FENGen for Beaver Valley Unit 2 and shall be maintained in such trust outside of FENGen's administrative control and in accordance with the requirements of 10 CFR 50.75(h)(1). Such transfer of the accumulated decommissioning funds by OE and TE shall be completed within a reasonable period of time.	
	B. The Support Agreement in the amount of \$400 million from FirstEnergy Solutions Corp. (FES) described in the application dated June 24, 2016 shall be effective and consistent with the representations in the application. FENGen shall take no action to void, cancel, or modify the Support Agreement without the prior written consent of the NRC staff. FENGen shall inform the Director of the Office of Nuclear Reactor Regulation, in writing, no later than 10 working days after any funds are provided to FENGen by FES under the terms of the Support Agreement.	

1.0 Objectives of the Environmental Protection Plan

The Environmental Protection Plan (EPP) is to provide for protection of nonradiological environmental values during operation of the Beaver Valley Power Station, Unit 2 (facility). The principal objectives of the EPP are as follows:

- (1) Verify that the facility is operated in an environmentally acceptable manner, as established by the Final Environmental Statement - Operating License Stage (FES-OL) and other NRC environmental impact assessments.
- (2) Coordinate NRC requirements and maintain consistency with other Federal, State, and local requirements for environmental protection.
- (3) Keep NRC informed of the environmental effects of facility construction and operation and of actions taken to control those effects.

Environmental concerns identified in the FES-OL (September 1985, NUREG-1094) which relate to water quality matters are regulated by way of the licensee's* NPDES permit.

2.0 Environmental Protection Issues

In the FES-OL (NUREG-1094, September 1985), the staff considered the environmental impacts associated with the operation of the Beaver Valley Power Station, Unit 2. No aquatic/water quality, terrestrial, or noise issues were identified.

3.0 Consistency Requirements

3.1 Plant Design and Operation

The licensee may make changes in station design or operation or perform tests or experiments affecting the environment provided such activities do not involve an unreviewed environmental question and do not involve a change in the EPP*. Changes in station design or operation or performance of tests or experiments which do not affect the environment are not subject to the requirements of this EPP. Activities governed by Section 3.3 are not subject to the requirements of this Section.

Before engaging in additional construction or operational activities which may significantly affect the environment, the licensee shall prepare and record an environmental evaluation of such activity. Activities are excluded from this requirement if all measurable nonradiological environmental effects are confined to the on-site areas previously disturbed during site preparation and plant construction. When the evaluation indicates that such activity involves an unreviewed environmental question, the licensee shall provide a written evaluation of such activity and obtain prior NRC approval. Such activity and change to the EPP may be implemented only in accordance with an appropriate license amendment as set forth in Section 5.3 of this EPP.

*"Licensee" refers to FirstEnergy Nuclear Operating Company, operator of the facility, and acting as agent for FirstEnergy Nuclear Generation, LLC, owner of the facility.

ENCLOSURE 4

NON-PROPRIETARY SAFETY EVALUATION FOR
CONFORMING AMENDMENT FOR
BEAVER VALLEY POWER STATION, UNIT 2
RESULTING FROM TRANSFER OF THE LEASED INTERESTS
FROM TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY
TO FIRSTENERGY NUCLEAR GENERATION, LLC



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

FOR DIRECT TRANSFER OF THE LEASED INTERESTS FROM

TOLEDO EDISON COMPANY AND OHIO EDISON COMPANY

TO FIRSTENERGY NUCLEAR GENERATION, LLC

RENEWED FACILITY OPERATING LICENSE NO. NPF-73

BEAVER VALLEY POWER STATION, UNIT 2

DOCKET NO. 50-412

This document contains proprietary information pursuant Section 2.390 to Title 10 of the *Code of Federal Regulations*. Proprietary information is identified by text enclosed within bold double brackets as shown here **[[]]**.

1.0 INTRODUCTION

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), and Title 10 of the *Code of Federal Regulations* (10 CFR) 50.80, "Transfer of licenses," FirstEnergy Nuclear Operating Company (FENOC or the applicant), acting as an agent for and on behalf of FirstEnergy Nuclear Generation, LLC (FENGen), the Toledo Edison Company (TE) and the Ohio Edison Company (OE) requested that the U.S. Nuclear Regulatory Commission (NRC or the Commission) consent to the direct transfer of TE's 18.26 percent leased interest in Beaver Valley Power Station, Unit 2 (BVPS-2), to FENGen, and OE's 21.66 percent leased interest in BVPS-2 to FENGen. Upon execution of this proposed transfer, FENGen will own 100 percent of BVPS-2, and FENOC will continue to operate the facility. FENOC submitted the request by application dated June 24, 2016 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML16182A155), as supplemented by letters dated September 13, 2016; December 15, 2016; and March 16, 2017 (ADAMS Accession Nos. ML16257A235, ML16350A077, and ML17075A210, respectively).

Portions of the applicant's letters dated June 24, 2016, and March 16, 2017, contain proprietary information. Accordingly, the NRC has withheld those from public disclosure pursuant to 10 CFR 2.390.

Pursuant to 10 CFR 50.90, "Application for amendment of license, construction permit, or early site permit," the applicant also requested NRC approval of a conforming amendment for the Renewed Facility Operating License (RFOL) to reflect the proposed transfer, to be issued and made effective at the time the transfers are consummated. The requested conforming license amendment is administrative in nature and falls within the NRC's generic finding of no significant hazards consideration under 10 CFR 2.1315(a).

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2.0 BACKGROUND

The current license holders of BVPS-2 are FENGen, OE, and TE. The facility license authorizes them to possess, use, and operate BVPS-2, and in this context, to maintain and decommission the facility. According to the applicant, FENGen is a direct, wholly owned subsidiary of FirstEnergy Solutions Corp. (FES), which, in turn, is a direct, wholly owned subsidiary of FirstEnergy Corp. (FE). Currently, FENGen has a 60.08 percent ownership interest in BVPS-2. The remaining ownership interests are subject to sale leaseback arrangements. These leasehold interests are licensed to TE (18.26 percent) and OE (21.66 percent). The applicant stated that FENGen has acquired the residual rights to ownership of these interests, and under the terms of the sale leaseback arrangements, FENGen will take ownership and title of these interests at the end of the lease term on June 1, 2017, subject to the requirement that it obtain the NRC's prior consent. Thereafter, FENGen will hold 100 percent ownership interest in BVPS-2, and FENOC will continue to operate BVPS-2.

Additionally, pursuant to the sale-leaseback arrangement, the portions of the existing decommissioning trust funds held by TE and OE related to their leased interests in BVPS-2 will be transferred to FENGen upon completion of this transaction.

According to the applicant, the proposed transfers will be consistent with the requirements set forth in the Act, NRC regulations, and the associated NRC license and Order. No physical changes will be made to BVPS-2, and there will be no changes in the day-to-day operation of the plant as a result of these proposed transfers. The proposed transfers will not have any adverse impact on the public health and safety, nor will these transfers be inimical to the common defense and security. Therefore, the applicant is requesting to transfer TE's 18.26 percent leased interest in BVPS-2 and OE's 21.66 percent leased interest in BVPS-2 to FENGen.

3.0 REGULATORY EVALUATION

The applicant's request for approval of a transfer of the license for BVPS-2, as discussed in this safety evaluation, is made under 10 CFR 50.80(a), which states:

No license for a production or utilization facility (including, but not limited to, permits under this part and part 52 of this chapter, and licenses under parts 50 and 52 of this chapter), or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing.

In addition, the regulations at 10 CFR 50.80(b) and (c) apply. Section 50.80(b) of 10 CFR states that an application for a license transfer shall include as much information described in 10 CFR 50.33, "Contents of applications; general information," and 10 CFR 50.34, "Contents of applications; technical information"; specifically, "with respect to the identity and technical and financial qualifications of the proposed transferee as would be required by those sections if the application were for an initial license."

Section 50.80(c) of 10 CFR states, in part:

...the Commission will approve an application for the transfer of a license, if the Commission determines:

- (1) That the proposed transferee is qualified to be the holder of the license; and
- (2) That transfer of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

Section 50.90 of 10 CFR states, in part, whenever a holder of a license, including a construction permit and operating license under this part, desires to amend the license or permit, application for an amendment must be filed with the Commission.

Pursuant to 10 CFR 50.33(k)(1), FENOC is required to provide information described in 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," indicating how reasonable assurance will be provided that funds will be available to decommission the facility.

The NRC staff utilized guidance in NUREG-1577, Revision 1, "Standard Review Plan on Power Reactor License Financial Qualifications and Decommissioning Funding Assurance," issued February 1999, to evaluate whether the financial qualifications of the applicant would be affected by the proposed transfers.

In addressing foreign ownership, control, or domination (FOCD) issues, Sections 103d and 104d of the Act provide, in relevant part, that no license may be issued to the following:

[A]ny corporation or other entity if the Commission knows or has reason to believe it is owned, controlled or dominated by an alien, a foreign corporation or a foreign government. In any event, no license may be issued to any person within the United States if, in the opinion of the Commission, the issuance of a license to such person would be inimical to the common defense and security or to the health and safety of the public.

The NRC's regulations at 10 CFR 50.38, "Ineligibility of certain applicants," is the regulatory provision that implements the FOCD provisions of the Act. The NRC staff evaluated the license transfer application in a manner that is consistent with the guidance provided in the Standard Review Plan (SRP), "Foreign Ownership, Control, or Domination of Applicants for Reactor Licenses," dated June 1999 (SRP on FOCD), to determine whether the applicant is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government (64 FR 52357-52359). Additionally, the information regarding each corporate entity required by 10 CFR 50.33(d)(3) is provided in Exhibit E, "General Corporate Information Regarding FENGen and Its Parent Companies," in the application dated June 24, 2016.

The NRC staff also reviewed information that relates to Price-Anderson insurance and indemnity requirements, under Section 170 of the Act, and 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" and reviewed the nuclear property damage insurance requirements under 10 CFR 50.54(w).

Specific sections of Chapter 13, "Conduct of Operation," of NUREG-0800, "Standard Review Plan for the Review of Safety Analysis Reports for Nuclear Power Plants: LWR [Light-Water

Reactor] Edition,” were considered in this review, including Section 13.1.1, Revision 6, “Management and Technical Support Organization,” and Section 13.1.2-3, Revision 7, “Operating Organization” (ADAMS Accession Nos. ML15005A449 and ML15007A296, respectively).

4.0 FINANCIAL QUALIFICATIONS

The regulation at 10 CFR 50.33(f) provides that each applicant shall state the following:

Except for an electric utility applicant for a license to operate a utilization facility of the type described in § 50.21(b) or § 50.22, information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the permit or license is sought.

As defined in 10 CFR 50.2, “Definitions,” an electric utility is:

[A]ny entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly, through rates established by the entity itself or by a separate regulatory authority.

As explained above, upon execution of the proposed license transfer, FENGen will hold 100 percent ownership interest in BVPS-2. The NRC staff has determined that FENGen is not an “electric utility,” as defined in 10 CFR 50.2, because FENGen will not recover the cost of electricity through rates established by the Pennsylvania Public Utility Commission or the Federal Energy Regulatory Commission. In addition, FENGen does not set its own rates for the sale of electricity. Therefore, FENGen must meet the financial qualification requirements for a non-electric utility pursuant to 10 CFR 50.33(f).

In accordance with 10 CFR 50.33(f), a non-utility applicant must provide information sufficient to demonstrate its financial qualifications to carry out the activities for which the license is being sought. The information must show that the applicant possesses, or has reasonable assurance of obtaining, the funds necessary to cover estimated operating costs for the period of the license. In making this showing, the applicant must submit estimated total annual operating costs for the first 5 years of facility operations and indicate the source(s) of funds to cover these costs. For license transfers, direct or indirect, the relevant 5-year period is that time immediately following the merger.

In its projected 5-year income statements, FENOC provided the following information:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenue	[[]]
Total Expenses	[[]]
Income Before Taxes	[[]]
Income Taxes	[[]]
Net Income	[[]]

The revenue, expense, and net income figures presented in FENGen's projected income statement above reflect positive net income for all forward-looking years 2017 through 2021 for BVPS-2, and thus indicate that FENGen has reasonable assurance of obtaining the necessary funds, through revenues generated by the facility, to cover estimated operating costs for the 5 years of operation following the transaction.

According to the applicant, FENGen and FES have entered into a power supply agreement through which FENGen will recover its operating, maintenance, and capital costs associated with its interest in BVPS-2, including the 18.26 percent and 21.66 percent interests being transferred from TE and OE. The applicant also states that even if BVPS-2 does not operate as expected, FENGen will recover FENOC's costs of operation through the base demand and energy charges in the power supply agreement and through a "formula rate" provision permitting FENGen to recover increases in its capital expenditures and operating expenses that exceed its base demand and energy charges during the contract term.

In addition to income generated by BVPS-2 operations and the aforementioned power supply agreement, according to the March 16, 2017, supplement to the application, FENGen has maintained a financial support agreement with FES in the amount of \$400 million, as originally stated in the applicant's June 24, 2016, submittal. The applicant asserts that this funding source is sufficient to provide assurance that adequate funds will remain available to fund ongoing operations and maintenance expenses with respect to all of FENGen's interest in BVPS-2. Further, by letter dated December 15, 2016, and reconfirmed in the letter dated March 16, 2017, FENOC provided supplemental information stating that FES, the FE subsidiary owner of FENGen, has available a \$700 million 2-year secured credit facility, which includes a \$500 million revolving credit facility and \$200 million of surety credit support, through FE as lender. Finally, the March 16, 2017, supplement to FENOC's application reflects changes in previously provided revenue and net income information. These changes have been incorporated in this safety evaluation. The \$400 million FES support agreement remains unaffected by this revised information and remains in place.

The applicant cited impairment charges and other information reported to the U.S. Securities and Exchange Commission in February 2017 as the reason for the revised financial information

provided in the March 16, 2017, letter. The NRC staff reviewed the revised information in the applicant's March 16, 2017, submittal and determined that the revised information does not impact the NRC staff's previous conclusions with regard to the applicant's financial qualifications.

In consideration of the above, the NRC staff has determined that the applicant has reasonable assurance of obtaining the funds necessary to cover estimated operation costs of BVPS-2 for the period of the license and that the proposed changes, as reflected in the application and supplements, will not affect the financial qualification of the licensee to possess, use, and operate BVPS-2. In addition to funds generated by the sale of electricity through BVPS-2 operations, additional access to funds from FE subsidiary FES, in the form of a support agreement, and additional access to cash as necessary through corporate parent FE, as needed, provides additional evidence of reasonable assurance that funds will be available to cover estimated costs at the licensed facility. For these reasons, the NRC staff concludes that the applicant meets the financial qualification requirements of 10 CFR 50.33(f).

5.0 DECOMMISSIONING FUNDING

Pursuant to 10 CFR 50.75(b), a reactor licensee is required to provide decommissioning funding assurance by one or more of the methods described in 10 CFR 50.75(e). The NRC has determined that the requirement to provide reasonable assurance of decommissioning funding is necessary to ensure the adequate protection of public health and safety. The regulation at 10 CFR 50.33(k) requires that an applicant for an operating license for a utilization facility demonstrate how reasonable assurance will be provided that funds will be available to decommission the facility.

The regulation at 10 CFR 50.75(b) requires, in part, the following:

Each power reactor applicant for or holder of an operating license... for a production or utilization facility of the type and power level specified in paragraph (c) of this section shall submit a decommissioning report, as required by § 50.33(k).

In accordance with 10 CFR 50.75(f)(1), the applicant provided the NRC with information on the status of decommissioning funding for BVPS-2. Specifically, the applicant stated that the NRC minimum amount for decommissioning funding assurance required for BVPS-2 under 10 CFR 50.75 is approximately \$507 million. The NRC staff independently reviewed the calculations for the NRC minimum formula amount for decommissioning funding assurance required for BVPS-2 and verified the decommissioning funding status amount is approximately \$507 million. Based upon the total balance of \$349,511,373 (after tax) as of December 31, 2015, the total Nuclear Decommissioning Trust Fund (NDT) balance for BVPS-2, after the transfer is completed, is expected to exceed the pre-paid balance requirement. By applying a 2 percent real rate of return to the total balance of \$349,511,373 (after tax) as of December 31, 2015, for the 31.5 years leading to the BVPS-2 license expiration date of May 27, 2047, the NRC staff determined that the applicant is in compliance with the decommissioning funding assurance requirements of 10 CFR 50.75.

At the time of the direct transfer, the existing trust funds held by TE and OE related to their leased interests in BVPS-2 will be transferred to FENGen. The FENGen NDTs are held in external trust funds segregated from FENGen's assets and outside its administrative control.

The funds are governed by the Master NDT Agreement with BNY Mellon, National Association (formerly known as Mellon Bank, N.A.), as Trustee, and the terms of that agreement comply with the requirements of 10 CFR 50.75(h)(1).

The NRC staff determined that the transfer of control from TE and OE to FENGen, including the transfer of decommissioning funds, will not affect the decommissioning funding arrangements currently in place for BVPS-2. The staff finds that the combined decommissioning trust fund balance before the proposed transfer shall be the same balance after the proposed transfer. Based on the discussion above, the NRC staff concludes that the applicant has complied with the regulations in 10 CFR 50.75(b) and (c) with respect to providing decommissioning funding assurance for BVPS-2.

As such, the NRC staff concludes that the transfer of leased interests from TE and OE to FENGen, including the transfer of associated decommissioning funds, will not affect the decommissioning funding arrangements currently in place for BVPS-2. Based on the discussion above, the NRC staff concludes that the applicant has complied with the regulations under 10 CFR 50.75 with respect to providing decommissioning funding assurance for BVPS-2.

6.0 TECHNICAL QUALIFICATIONS

The purpose of this technical evaluation is to ensure that the proposed corporate management is involved with, informed of, and dedicated to the safe operation of BVPS-2. In addition, the review is intended to ensure that sufficient technical resources have been, are being, and will continue to be provided to adequately accomplish these objectives.

6.1 Management and Technical Support Organization

The NRC staff reviewed the application to determine whether the corporate management and technical support organization of the owner/operator will change because of the proposed transfer. The NRC staff evaluated the application using, in part, the guidance provided in NUREG-0800, Section 13.1.1, Revision 6, "Management and Technical Support Organization."

As stated in the application, TE and OE will transfer 18.26 percent and 21.66 percent interest, respectively, to FENGen, who currently owns 60.08 percent of BVPS-2. FENGen is presently the majority owner, and with the transfer, will become the sole owner. The proposed transfer will not result in any change in the role of FENOC as the licensed operator of the facility.

The NRC staff finds this transfer to be acceptable because (1) the transfer of ownership interests remain within the FirstEnergy fleet, specifically FENGen who is currently the majority owner; therefore, the ownership of BVPS-2 will be consistent; and (2) FENOC will remain the licensed operator; therefore, no changes will be made in the FENOC senior management team, and the technical qualifications of FENOC will not be affected by the proposed transfer.

6.2 Operating Organization

The NRC staff reviewed the application to evaluate changes to the operating organization proposed as a result of the license transfer. The NRC staff evaluated the application using, in part, the guidance provided in NUREG-0800, Section 13.1.2-3, Revision 7, "Operating Organization."

Based on its review, the NRC staff determined that the transfer of ownership interests will remain within the FirstEnergy fleet, and FENOC will remain as the licensed operator. Therefore, the transfer will not affect the operating organization for BVPS-2. Additionally, the application dated June 24, 2016, states, “No physical changes will be made to BVPS-2, and there will be no changes in the day-to-day operation of the plant as a result of these transfers. The proposed transfers will not have any adverse impact on the public health and safety, nor will these transfers be inimical to the common defense and security.”

Because the overall ownership of the plant will remain consistent, the NRC staff finds this transfer to be acceptable because there will be no change to the quality of how BVPS-2 will continue to operate.

6.3 Technical Qualifications Conclusion

As explained above, as a result of the proposed transfer, FENGen, which is currently the majority owner of BVPS-2, will be the sole owner of BVPS-2. Thus, the transfer of ownership interests will remain within the FirstEnergy fleet. In addition, FENOC will remain the licensed operator; therefore, the technical qualifications of FENOC will not be affected by the proposed transfer. No physical modifications will be made to any plant systems or components, nor any changes to operations. Therefore, because the proposed transfer would not result in any significant change to the management, technical support, and operating organization for personnel responsible for licensed activities involving reactor operation and safety at BVPS-2, the NRC staff concludes that, the proposed changes will not adversely affect nuclear safety or the safe operation of the plant.

7.0 ANTITRUST REVIEW

The Act does not require or authorize antitrust reviews of post-operating license transfer applications.¹ The application dated June 24, 2016, postdates the issuance of the operating license for the unit under consideration in this safety evaluation and, therefore, no antitrust review is required or authorized. The subject license does not contain any antitrust conditions. Therefore, there are no antitrust issues to be considered in connection with the conforming license amendment.

8.0 FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

Sections 103d and 104d of the Act prohibit the NRC from issuing a license for a nuclear power plant to any corporation or other entity if the Commission knows, or has reason to believe, the plant is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

The NRC’s regulation at 10 CFR 50.38, “Ineligibility of certain applicants,” is the regulatory provision that implements this statute. The NRC staff evaluated the application pursuant to the guidance provided in the SRP on FOCD to determine whether the applicant is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government. The NRC’s position on FOCD, outlined in the SRP, states that, “the foreign control prohibition should be given an orientation toward safeguarding the national defense and security.” Furthermore, the

¹ *Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999)

SRP on FOCD outlines how the effects of foreign ownership may be mitigated through implementation of a “negation action plan” to ensure that any foreign interest is effectively denied control or domination over the licensee.

As previously stated, FENGen currently owns 60.08 percent ownership interest in BVPS-2. After the proposed license transfer, FENGen will hold 100 percent ownership interest in BVPS-2. FENGen is a direct, wholly owned subsidiary of FES, which, in turn, is a direct, wholly owned subsidiary of FE. In its submittal, the applicant provided the names, titles, and addresses of the directors and executive personnel of FENGen, all of whom are citizens of the United States. Based on its review, the NRC staff does not know of, or have any reason to believe, that the proposed transfer will result in BVPS-2 being owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

9.0 NUCLEAR INSURANCE AND INDEMNITY

Pursuant to the requirements of the Price-Anderson Act (Section 170 of the Act) and the NRC’s implementing regulations at 10 CFR Part 140, the current indemnity agreement must be modified to reflect FENGen’s ownership status to 100 percent of BVPS-2 as a result of the direct transfer of TE’s 18.26 percent leased interest in BVPS-2 and OE’s 21.66 percent leased interest in BVPS-2 to FENGen.

Consistent with NRC practice, the NRC will require FENGen to provide evidence that it has obtained the appropriate amount of insurance pursuant to 10 CFR 140.11(a)(4) and 50.54(w), and that the insurance is effective concurrent with the date of the license transfer and amended indemnity agreement. Because the issuance of the amended license is directly tied to the completion of the proposed direct license transfer, the Order approving the transfer will be conditioned as follows:

FENGen shall provide satisfactory documentary evidence to the Director of the Office of Nuclear Reactor Regulation that, as of the date of the license transfer, the licensees reflected in the amended license obtained the appropriate amount of insurance required of a licensee under 10 CFR Part 140 and 10 CFR 50.54(w).

Therefore, in consideration of the foregoing, and further, based on license condition language, the NRC concludes that the direct transfer of ownership and control of the BVPS-2 facility will have no adverse impact on FENGen’s ability to provide required nuclear insurance and indemnity coverage and its ability to meet its nuclear insurance obligations.

10.0 SUMMARY

Based on its review of the information provided in the license transfer application and supplements, the NRC staff concludes that FENGen is financially qualified to conduct the activities under the license, has satisfied the NRC’s decommissioning funding assurance requirements for BVPS-2, has met the applicable onsite and offsite insurance requirements, and is not owned, controlled, or dominated by a foreign entity.

As discussed above, the NRC staff concludes that the proposed transfer will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC license and

Order. No physical changes will be made to BVPS-2, and there will be no changes in the conduct of operations of the plant as a result of this transfer. The qualifications FENGen as owner and FENOC as operator currently are, and continue to be, acceptable. The proposed transfer will not have any adverse impact on the public health and safety, nor will this transfer be inimical to the common defense and security.

Therefore, the NRC staff concludes that the proposed direct transfer of the leased ownership interests in BVPS-2 from TE and OE to FENGen will not affect the qualifications of FENGen to own and FENOC to operate BVPS-2, and that the transfer of the license is otherwise consistent with applicable provisions of law, regulations, and Order issued by the Commission.

11.0 CONFORMING AMENDMENT

11.1 Introduction

FENOC requested approval of a conforming amendment to FOL No. NPF-73. No physical or operating changes to the facility is requested.

11.2 Discussion

The applicant requested approval of proposed conforming amendments to the license and the technical specifications. The changes to be made to the license and technical specifications are indicated in the conforming amendment in Enclosure 2 to the cover letter forwarding the NRC staff's Order regarding the subject transfer. The proposed changes in the conforming amendment do no more than reflect the approved transfer actions of FENGen as owner by removing TE and OE from the license pages in which they are stated. The amendment involves no safety concerns and is administrative in nature. Accordingly, the proposed amendment is acceptable. The amendment will be issued and made effective at the time the transfer is consummated.

11.3 Conclusion with Respect to the Conforming Amendment

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) there is reasonable assurance that such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

12.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Pennsylvania State official was notified of the proposed issuance of the amendment on February 22, 2017. The State official had no comments.

13.0 ENVIRONMENTAL CONSIDERATION

The subject application is for approval of the direct transfer of RFOL No. NPF-73 issued by the NRC and approval of the conforming license amendment. Accordingly, the action involved meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21). Pursuant

to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with approval of the application.

14.0 CONCLUSION

Based on the considerations discussed above, the NRC staff concludes that FENGen is qualified to hold the license for BVPS-2 to the extent proposed in the application, and that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the Order approving the transfer of license and conforming amendment will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributors: Nicole Newton
Shawn Harwell
Richard Turtill
Brian Green
Dabin Ki
Taylor Lamb

Date: April 14, 2017

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M. Richey

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SUBJECT: BEAVER VALLEY POWER STATION, UNIT 2 – ORDER APPROVING
TRANSFER OF LICENSE AND CONFORMING AMENDMENT
(CAC NO. MF8066) DATED APRIL 14, 2017

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ADAMS Accession Nos.: Package: ML17058A039
Letter w/Encl. 3: ML17058A040 (Proprietary Safety Evaluation)
Letter w/Encl. 4: ML17081A433 (Nonproprietary Safety Evaluation)
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