

PRELIMINARY NOTIFICATION

April 4, 2018

PRELIMINARY NOTIFICATION OF EVENT OR UNUSUAL OCCURRENCE - PNO-III-18-002

This preliminary notification constitutes EARLY notice of events of POSSIBLE safety or public interest significance. Some of the information may not yet be fully verified or evaluated by the Region III staff.

Facility

Beaver Valley Units 1 & 2

Davis-Besse

Perry

FirstEnergy Nuclear Operating Company

Docket: 50-00334

50-00412

50-00346

50-00440

72-01043

72-00014

72-00069

SUBJECT: NOTIFICATION OF BANKRUPTCY FILING BY FIRSTENERGY SOLUTIONS

On March 31, 2018, FirstEnergy Solutions (FES), its subsidiary FirstEnergy Nuclear Generation (FENGen) (the Owner of Beaver Valley, Units 1 and 2, Davis-Besse, and Perry), and FirstEnergy Nuclear Operating Company (FENOC) (the Operator of those same plants), filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. Chapter 11 grants protection from creditors to a company in financial difficulties for a limited period to allow it to reorganize its debt. The filing follows FES's and FENOC's separate announcement on March 28, 2018 that they intend to permanently cease operation of the four reactors over the next three years. The first unit scheduled for shutdown is Davis-Besse by May 31, 2020, followed by Perry and Beaver Valley Unit 1 by May 31, 2021, and Beaver Valley Unit 2 by October 31, 2021. Both FENOC and FES have publically stated that they will continue to pursue legislative options to keep all the units operating beyond this schedule.

Based on inspection activities conducted prior to and immediately following the March 28th announcement and the March 31st bankruptcy filing, U. S. Nuclear Regulatory Commission (NRC) Region I and III inspectors have not identified any apparent adverse impacts on the safe operations of the plants.

The NRC will continue to complete the baseline inspection program under the Reactor Oversight Process at each site until such time that each plant ceases operation and all fuel is removed from the reactors. In addition, the NRC will continue inspections to ensure that the shutdown announcement does not impact safe operation of the plants, consistent with NRC Inspection Manual Chapter 2515, Appendix G, "Baseline Inspection Guidance for Power Reactors Preparing for Transition to the Decommissioning Phase." The NRC will continue inspections to ensure the plants meet NRC regulations throughout decommissioning and ultimately license termination.

Now that FES, FENGen, and FENOC have filed for bankruptcy, the NRC will implement formalized and documented inspection activities to assess whether any identified performance issues, which could be related to the licensee's financial condition, impact safe operation of the plants. The areas for review include: impacts on regulatory required plant staffing; corrective maintenance and corrective action program backlogs; changes to the planned maintenance schedule; and any impacts on emergency preparedness capabilities. The Regions intend to explore the use of flexibilities in inspection sample selection allowed by the Reactor Oversight Process to conduct these reviews rather than utilizing additional inspection resources. The results of these focused inspections will be documented in the routine quarterly inspection report for each site, beginning with the second quarter of 2018.

Decommissioning funding for each site continues to be sufficiently funded under NRC regulations. FENOC reported the status of decommissioning funding in March 2017 and NRC staff concluded that the licensee met the minimum funding requirements in 10 CFR 50.75. The Office of Nuclear Reactor Regulation will continue to monitor decommissioning funding for each site to ensure continued sufficient funding. The NRC's Office of the General Counsel notified Department of Justice on April 2, 2018, that the NRC has an interest in the bankruptcy proceeding, including protection and preservation of the decommissioning trust funds, the maintenance of nuclear accident insurance, and continued compliance with NRC requirements.

This preliminary notification is issued for information only and no additional action by the staff is anticipated.

Region I and III received initial notification of this occurrence by telephone from the licensee on April 1, 2018, and received written confirmation in a letter from the licensee on April 2, 2018. The information presented herein has been discussed with the licensee, has been coordinated between Regions I and III, and is current as of 12:00 p.m. CDT, on April 4, 2018.

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