



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

November 4, 1980

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John H. Byington, Jr., Esq.
Winthrop, Stimson, Putnam & Roberts
40 Wall Street
New York, New York 10005

US NRC
DISTRIBUTION SERVICES
BRANCH

50-412

Re: Beaver Valley, Unit No. 2

Dear Mr. Byington:

By letter of September 19, 1980, you inquired whether Nuclear Regulatory Commission approval is necessary for a proposed temporary transfer for security purposes by the Ohio Edison Company of its interest in the Beaver Valley Unit No. 2 nuclear generating unit which is presently under construction. As set out in that letter, it is proposed that a construction trust be formed to borrow money to finance the Ohio Edison Company's share of construction costs of that unit. You supplemented that letter on October 6, 1980, and on October 20, 1980, you supplied preliminary drafts of the Trust Agreement, the Distribution Agreement, and the Revolving Credit, Assumption and Term Loan Agreement which will be the basic documents for the proposed financing arrangements.

By letter of October 27, 1980, you reiterated that the proposed conveyance is intended to be a device to secure a debt to be incurred in connection with the financing of Ohio Edison's interest in Beaver Valley Unit No. 2. Thus you agreed to specifically state in the Distribution Contract between the Ohio Edison Company and the Co-trustee, or in the Assignment Agreement attached as a schedule to the Distribution Contract, that the arrangement is being made to permit the Co-trustee to grant a valid mortgage interest in Ohio Edison's interest in Beaver Valley Unit No. 2 and that the Co-trustee status in respect to the property conveyed is that of a second mortgagee. The Distribution Agreement will provide that any interests conveyed revert to Ohio Edison on satisfaction of the obligations which the interest secures, and that the trust will only be effective until the Co-trustee's interest reverts to Ohio Edison Company. On this basis you state that the effect of the conveyance in the above-cited documents will be to create a mortgage under both Pennsylvania and New York law.

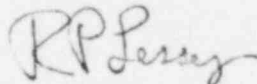
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You also state that there is no intent in the documents cited to affect Ohio Edison's status or responsibilities as a co-licensee of Beaver Valley Unit No. 2, and that specific language will be added to the Distribution Contract, which is referenced in the Trust Agreement, to provide that neither the license nor any right thereunder is to be transferred.

Under 10 C.F.R. §50.81 the Commission has consented, without individual application, to the creation of any mortgage, pledge or other lien upon any production or utilization facility which is subject to license or an interest in such a facility, subject to the conditions enumerated in that regulation. The arrangements you have represented to us seem to be the grant of a security interest in Beaver Valley Unit No. 2 as contemplated in that regulation. Therefore, it appears that the financing arrangement you have outlined does not require application to or approval of the Commission.

Sincerely,


Edwin J. Reis
Assistant Chief Hearing Counsel

cc: Docketing and Service
Section