

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N STREET, N. W.
WASHINGTON, D. C. 20037

TELEX/CABLE
89-2683 (SHAWLAW WPK)

TELEPHONE
(202) 663-8474

VIRGINIA OFFICE
150 FARM CREDIT DRIVE
MCLEAN, VIRGINIA 22102
(703) 790-7900

FACSIMILE
(202) 663-8007

DAVID R. LEWIS

April 10, 1992

By Hand Delivery

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852

Re: Beaver Valley Power Station, Unit 2
Docket No. 50-412; License No. NPF-73
Refinancing of Sale and Leaseback Transactions

Dear Sir:

By Amendment No. 1 issued on September 23, 1987, to License No. NPF-73, the NRC authorized licensees including The Cleveland Electric Illuminating Company (CEI) and The Toledo Edison Company (TED) to enter into sale and leaseback transactions for the Beaver Valley Power Station, Unit 2. As a condition of approval, the Amendment requires prior written notice of any change in, inter alia, the terms or conditions of any lease agreements executed as part of the transactions.

The participants in the sale and leaseback transactions subsequently executed by CEI and TED are currently preparing to refinance certain debt obligations incurred in connection with the transactions. Such refinancing is permitted under the original transaction documents reviewed by the NRC prior to the issuance of License Amendment No. 1. In connection with the refinancing, certain minor amendments are being made to the facility leases. This letter is being delivered to provide the required notification of these changes.

The primary purpose of the amendments to the respective facility leases is to adjust basic rent and change the schedules of Casualty Values, Special Casualty Values, and Modified Special Casualty Values in order to reflect the effect of the refinancing on the amounts required to be paid under the leases. Changes are also being made to conform the definitions to the facts of the

9204150036 920410
PDR ADOCK 05000412
1 PDR

DAW
1/0

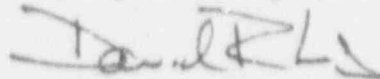
U.S. Nuclear Regulatory Commission
April 10, 1992
Page Two

refinancing, and in the case of one lease, to reflect an assignment of interest between affiliated investors.

In addition, changes are being made to the facility leases, as well as to the participation agreements, to reflect CEI's and TED's commitment to accumulate decommissioning funds by the license expiration date in accordance with NRC and PUC requirements. The original transaction documents, which were executed before the NRC promulgated its decommissioning rules, reflected a commitment by CEI and TED to the equity investors to fund decommissioning costs at an accelerated rate to accumulate such funds by the end of the lease term (i.e. over approximately a 29-1/2 year period). This accelerated funding above NRC requirements is being relaxed so long as sufficient Decontamination Liability & Excess Property insurance (NEIL II) is maintained. CEI and TED remain obligated to meet whatever decommissioning requirements are imposed upon them by either the NRC or the Ohio Public Utility Commission.

None of the changes to the facility leases affects operation of the plant, prevents or impairs compliance with NRC requirements, or otherwise adversely affects any NRC regulated activity

Respectfully submitted,



David R. Lewis
Counsel for Licensees

DRL:ch

cc: U.S. NRC Region 1
Resident Inspector, BVPS Unit 2
Albert W. De Agazio, Sr. Project Manager
Project Directorate I-4 (by hand delivery)