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January 16, 2003

**TO THE INVESTMENT COMMUNITY:<sup>1</sup>**

This letter will provide an update on activities associated with our efforts to prepare the Davis-Besse Nuclear Power station for a safe and reliable return to service. The letter also includes updates on other items of interest to the financial community.

**NRC IMC 0350 Restart Process – January 14 Public Meeting**

The NRC's IMC 0350 Oversight Panel held its monthly status meetings on the Davis-Besse restoration efforts in Port Clinton, Ohio on January 14, 2003. This letter summarizes some of the key issues discussed during the afternoon session. (The NRC indicated that a transcript of the meeting would be available on the NRC's Internet Web site in approximately three weeks. Copies of the NRC's and Company's presentation slides are available on the site - <http://www.nrc.gov/reactors/operating/ops-experience/vessel-head-degradation.html>).

The NRC provided updates on the Davis-Besse restart checklist, the status of ongoing NRC inspection activity, and plans for upcoming public meetings. FirstEnergy Nuclear Operating Company (FENOC) officials discussed progress being made toward plant restart including preparations for fuel reload, progress on the bulk work and key systems upgrades, and improvements implemented in various operational programs.

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<sup>1</sup> This letter includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements typically contain, but are not limited to, the terms "anticipate," "expect," "believe," "estimate," and similar words. Actual results may differ materially due to a number of factors including, but not limited to, the speed and nature of regulatory approvals.

Ongoing NRC inspections are currently focused on: Organizational Effectiveness and Human Performance including observations of day-to-day activities, and other important building blocks such as Program Effectiveness and Systems Health.

With respect to the Organizational Effectiveness and Human Performance Inspection, the NRC commented that they had completed their evaluation of FirstEnergy's root cause analysis and the inspection's focus will now shift toward the adequacy and effectiveness of the Company's corrective actions to create a more safety-focused work environment. The NRC also announced that a public meeting has been scheduled for January 30 in the NRC's Region III office in Lisle, Illinois, to specifically address the Company's evaluation of safety culture issues among plant management and staff, and its programs to address those issues. The NRC commented that they were confident that the plant's senior management had the proper safety culture, but they need to verify that the culture exists throughout the organization.

Program Effectiveness inspections are reviewing progress on the Company's implementation of more effective programs. These include the Corrective Action Program, the Boric Acid Control Program, the In-Service Inspection Program, and the Radiation Protection Program.

The presentations by FENOC officials covered various restart activities including:

- A recently installed permanent seal plate on the reactor vessel, which provides a tighter seal and improves efficiency during refueling outages.
- Progress on the design modification of the containment emergency sump strainers. The sump is a collection point for water that would be recirculated for reactor cooling in the event of a loss-of-coolant accident. This change, while not required by the NRC, was initiated by FENOC to substantially increase the strainers' surface area and thus, increase the plant's design safety margin.
- Improvements made to the Corrective Action Program and the Reactor Coolant System Integrity Management Program.
- Initiation of the first Restart Readiness Review meeting which was convened to validate our readiness for fuel reload (Mode 6 of Operation). The formal Restart Readiness Review process, which involves all responsible managers for restart work, is a detailed conservative assessment undertaken before loading fuel. This process will also be used at each step of plant startup.
- Actions taken and programs being implemented to ensure the proper safety culture and a safety-conscious work environment, two critical elements in the Management and Human Performance Building Block. The Company has contracted the services of Dr. Sonja Haber of Performance Safety and Health Associates to assist in the development of a methodology to assess the safety culture of the work force. Dr. Haber has significant experience in this field having previously worked with the NRC, the Department of Energy, and the International Atomic Energy Agency.

While recognizing that restart of Davis-Besse requires NRC approval, the Company's integrated schedule currently supports restart in the March/April, 2003 timeframe. Critical path activities include:

- January: Fuel reload toward month-end.
- February: Installation of the reactor head, completion of the emergency sump strainer design modification and completion of the integrated leak rate test of containment.
- March: Completion of the seven-day pressure test of the reactor coolant system, inspection of the under vessel penetration nozzles, and testing of all plant systems in preparation for restart.

#### **Upcoming NRC 0350 Public Meetings**

- January 30: Safety Culture Issues (Lisle, IL)
- February 11: NRC 0350 monthly public meetings (Port Clinton, OH)

#### **Updates on Other Company Items**

**JCP&L Regulatory Activities** - The current schedule of significant events in the JCP&L rate proceeding is:

- JCP&L Rebuttal Testimony due January 24
- Auditor's Phase I report on accounting and procurement prudence issues associated with the deferred balances and related items should be issued and forwarded to the Office of Administrative Law before the end of January. The auditors will be scheduled for cross-examination on their report during the hearings.
- Hearings are scheduled for February 13 to March 21
- Briefs are due April 11
- Reply Briefs are due May 2
- Administrative Law Judge's Recommended Decision in June
- Board of Public Utilities' decision in July
- New rates to be effective August 1, 2003

The Basic Generation Service (BGS) auction bid process will commence on February 3, 2003 for power supplies starting August 1, 2003. Proposals are due from bidders for the 200 MW JCP&L Green Energy Program on February 13, 2003.

**Fourth Quarter Earnings Release** - FirstEnergy will release its fourth quarter 2002 financial results on Thursday, February 13, 2003. A conference call with investors will be held at 1:30 PM that afternoon. Details of the call and its webcast will be detailed in a news release, which will be issued several days in advance of the call.

If you have any questions concerning information in this update, please call Kurt Turosky, Director of Investor Relations, at (330) 384-5500, or me at (973) 401-8519.

Very truly yours,

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