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

As reported in the press yesterday, a second area of corrosion was found at a nozzle on the reactor head at the Davis-Besse Nuclear Power Station. The affected area was about one-quarter to one-eighth inch into the carbon steel, about one and one-fourth inches wide and one and five-eighths inches long. The estimated loss of metal was less than a cubic inch, and weighing a few ounces. Repair of this nozzle area is relatively simple compared with the other corrosion damaged nozzle area where the carbon steel displaced by the corrosion was estimated at about 40 pounds. We estimate that the repair of the relatively minor corrosion on this second nozzle area will have no significant impact on the company's recently announced schedule to return the plant to service.

Davis-Besse was taken off line February 16, 2002, for refueling, maintenance work and to conduct a comprehensive inspection of its reactor head. That inspection included ultrasonic testing of each of 69 Control Rod Drive Mechanism nozzles, which pass through the top of the reactor head. The control rods, used to control power levels in the reactor, pass through these nozzles as the rods are raised and lowered into the reactor. The inspection was aimed at determining if there were circular, or circumferential, cracks in any of the nozzles, like those found at a few other domestic nuclear plants of similar design.

The ultrasonic testing revealed three nozzles with lateral cracking, including one, which showed signs of developing a circular crack. Two other nozzles with minor indications of cracks need repair work and plans were made to repair all five nozzles. Work on one of the nozzles revealed that boric acid, a chemical used in the reactor coolant system, had seeped through a crack and corroded a cavity that was four by five inches wide, and six inches deep. The carbon steel displaced by the corrosion was estimated at about 40 pounds. Subsequent inspections on the other four nozzles revealed the second corrosion area discussed at the beginning of this letter.

The plant restart was originally scheduled for the end of March. As previously announced, due to the corrosion on the first nozzle, the root cause investigation of the problem and the repair,

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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.

restart is expected to be delayed by two to three months, although the exact length of the outage has not yet been determined.

A special Davis-Besse team, assembled to work on the nozzle issue, expects to submit findings from its root cause investigation of the corrosion problem, along with a proposed repair plan, to the Nuclear Regulatory Commission for review next week. The NRC must approve the plan prior to the repairs being made.

The dome-shaped reactor vessel head is 17 feet in diameter, seven feet high, made of six-inch thick carbon steel, and lined with a layer of stainless steel, which is highly resistant to boric acid corrosion. It weighs 150 tons. The corroded area did not affect the stainless steel liner. The stainless steel liner under the corroded area is capable of maintaining pressure much higher than the normal operating pressure. Signs of nozzle cracks were not apparent prior to the inspection and plant equipment operated normally.

As discussed in a March 13, 2002, Letter to the Investment Community, we expect to incur additional nuclear-related operation and maintenance costs of approximately \$5 million to \$10 million. In addition, the loss of generation output from Davis-Besse during the extended outage period could increase energy costs between \$10 million to \$15 million per month.

As a result, the outage extension and additional repairs could reduce FirstEnergy's after-tax earnings by \$0.05 to \$0.10 per share in total during the first half of 2002.

We will keep you informed as we obtain additional information. Should you have any questions, 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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