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March 29, 2005

U. S. Nuclear Regulatory Commission
Washington, DC 20555

ATTENTION: Document Control Desk

SUBJECT: Calvert Cliffs Nuclear Power Plant
Unit Nos. 1 & 2; Docket Nos. 50-317 & 50-318
Nine Mile Point Nuclear Station
Unit Nos. 1 & 2; Docket Nos. 50-220 & 50-410
R.E. Ginna Nuclear Power Plant
Docket No. 50-244

Biennial Report: Status of Decommissioning Funding per 10 CFR 50.75(f)(1)

Pursuant to the requirements of 10 CFR 50.75(f)(1), this letter forwards the 2005 report on the status of decommissioning funding for Calvert Cliffs and R.E. Ginna Nuclear Power Plants and Nine Mile Point Nuclear Station, which are owned by the Constellation Generation Group, LLC. Paragraph 50.75(f)(1) requires that each power reactor licensee report, on a calendar-year basis, to the Nuclear Regulatory Commission by March 31, 1999, and at least once every two years thereafter on the status of its decommissioning funding for each reactor or part of a reactor that it owns. This letter, and the associated attachment, is intended to satisfy that requirement for the 2005 reporting period.

Attachment (1) states the regulatory commitment to update this report in two years. The information required by 10 CFR 50.75(f)(1) is provided in Attachment (2). Please note that the required information applicable to the Nine Mile Point Unit 2 plant includes summary statements provided by the remaining 18% co-owner, Long Island Lighting Company (dba/Long Island Power Authority). Constellation Generation Group has not independently verified information provided by this co-owner.

Should you have questions regarding the information in this submittal, please contact Mr. E. M. Tyler at (410) 495-6714.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. M. Heffley". The signature is written in a cursive, flowing style.

JMH/EMT

Attachments: (1) Commitments Identified in This Correspondence
(2) 2005 Decommissioning Funding Status Report

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cc: Director, Project Directorate I-1, NRC
R. V. Guzman, NRC
S. J. Collins, NRC
D. M. Skay, NRC
P. S. Tam, NRC

Resident Inspector, NRC (Calvert Cliffs)
Resident Inspector, NRC (Ginna)
Resident Inspector, NRC (Nine Mile Point)
R. I. McLean, Maryland DNR
J. P. Spath, NYSERDA

ATTACHMENT (1)

COMMITMENTS IDENTIFIED IN THIS CORRESPONDENCE

The next decommissioning funding report will be sent to the Nuclear Regulatory Commission by March 31, 2007.

ATTACHMENT (2)

**2005 DECOMMISSIONING FUNDING
STATUS REPORT**

ATTACHMENT (2)

2005 DECOMMISSIONING FUNDING STATUS REPORT

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the Nuclear Regulatory Commission on a calendar-year basis, beginning on March 31, 1999, and every two years thereafter, on the status of its decommissioning funding for each reactor it owns. The March 31, 2005 required information is provided as follows:

Calvert Cliffs Nuclear Power Plant
Unit Nos. 1 & 2
Docket Nos. 50-317 & 50-318

Table 1 – Calvert Cliffs

	Information Required by 10 CFR 50.75(f)(1)	Unit 1 (\$000's)	Unit 2 (\$000's)	Total (\$000's)
1	The minimum decommissioning fund estimate ² as of December 31, 2004, pursuant to 10 CFR 50.75 (b) and (c)	\$347,687 ¹	\$347,687 ¹	\$695,374 ¹
2	The amount accumulated as of December 31, 2004 in the external decommissioning trust ³ pursuant to 10 CFR 50.75 (b) and (c)	\$142,588	\$181,721	\$324,309
3	Schedule of the annual amounts remaining to be collected ³	\$6,887	\$9,730	\$16,617
4	Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections			
	Annual decommissioning cost escalation	4.1%		
	Annual after-tax rate of earnings on decommissioning funds	6.2%		
	Frequency of contribution to the decommissioning trust	Quarterly		
5	Any contracts upon which Constellation is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c)	Yes ⁴		
6	Any modifications to Constellation's current method of providing financial assurance since the last submitted report	None		
7	Any material changes to trust agreements	None ⁵		

ATTACHMENT (2)
2005 DECOMMISSIONING FUNDING STATUS REPORT

Table 1 Notes – Calvert Cliffs

- ¹ These values represent decommissioning costs anticipated to be incurred in removing the Calvert Cliffs units safely from service and reducing residual radioactivity to levels that permit release of the property for unrestricted use and termination of the license. The cost of dismantling non-radioactive systems and structures is not included in this estimate, nor is the cost of managing and storing spent fuel on the site until transfer to the U. S. Department of Energy.
- ² Values based on application of the generic minimum funding calculation specified in 10 CFR 50.75(c)(1), as adjusted in accordance with paragraph 50.75(c)(2) and Revision 10 of NUREG-1307.
- ³ Actual amounts being deposited into the trust were approved by the Maryland Public Service Commission in 1999, and the Internal Revenue Service in 2002. These collections will continue until June 2006 per a Settlement Agreement that included the Maryland Public Service Commission and Baltimore Gas & Electric.
- ⁴ Calvert Cliffs regulated affiliate, Baltimore Gas & Electric (BGE), collects decommissioning costs from its electric customers for Calvert Cliffs through its delivery service charges in accordance with a restructuring order from the Maryland Public Service Commission. BGE transfers these funds to Calvert Cliffs pursuant to a Decommissioning Funds Collection Agent Agreement. Under the terms of this Agreement, Calvert Cliffs is obligated to deposit the funds into the decommissioning trusts. The NRC has previously reviewed the details of this contractual arrangement in its June 30, 2000 Safety Evaluation and concluded that, given the intercompany agreements that obligate the payments, Calvert Cliffs is providing decommissioning funding assurance in the form of external sinking funds tied to a non-bypassable charge pursuant to 10 CFR 50.75(e)(ii)(B).
- ⁵ Since originally filed with the Commission in 1990, the trust agreement has been amended and restated. Changes reflected in the trust agreement are not material. A copy of the restated trust agreement is available upon request.

ATTACHMENT (2)

2005 DECOMMISSIONING FUNDING STATUS REPORT

**Nine Mile Point Nuclear Station
Unit Nos. 1 & 2
Docket Nos. 50-220 & 50-410**

**Table 2 – Nine Mile Point ¹
(Constellation Energy Group Ownership Interest)**

	Information Required by 10 CFR 50.75(f)(1)	Unit 1 (\$000's)	Unit 2 (\$000's)	Total (\$000's)
1	The minimum decommissioning fund estimate ³ as of December 31, 2004, pursuant to 10 CFR 50.75 (b) and (c)	\$420,452 ²	\$385,777 ²	\$806,229 ²
2	The amount accumulated as of December 31, 2004 in the external decommissioning trust pursuant to 10 CFR 50.75 (b) and (c)	\$309,260	\$145,003	\$504,263
3	Schedule of the annual amounts remaining to be collected	None	None	None
4	Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections			
	Annual decommissioning cost escalation	4.1%		
	Annual after-tax rate of earnings on decommissioning funds	5.8%	6.4%	N/A
	Frequency of contribution to the decommissioning trust ⁴	N/A		
5	Any contracts upon which Constellation is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c)	None		
6	Any modifications to Constellation's current method of providing financial assurance since the last submitted report	None ⁴		
7	Any material changes to trust agreements	None ⁵		

ATTACHMENT (2)

2005 DECOMMISSIONING FUNDING STATUS REPORT

Table 2 Notes - Nine Mile Point (Constellation Energy Group Ownership Interest)

- ¹ On November 7, 2001, Constellation completed the acquisition of 100% of Nine Mile Point Unit 1 (NMP-1) and 82% of Nine Mile Point Unit 2 (NMP-2). The NMP-1 amounts provided in this table represent the 100% Constellation share of decommissioning responsibilities. The NMP-2 amounts provided in this table represent the 82% Constellation share of decommissioning responsibilities. Table 3 contains information regarding the remaining 18% share assumed by the Long Island Power Authority.
- ² These values represent the decommissioning costs, relative to the Constellation Energy Group interests, as anticipated to be incurred in removing the Nine Mile Point units safely from service and reducing residual radioactivity to levels that permit release of the property for unrestricted use and termination of the license. The cost of dismantling non-radioactive systems and structures is not included in this estimate, nor is the cost of managing and storing spent fuel on the site until transfer to the U.S. Department of Energy.
- ³ Values based on application of the generic minimum funding calculation specified in 10 CFR 50.75(c)(1), as adjusted in accordance with paragraph 50.75(c)(2) and Revision 10 of NUREG-1307.
- ⁴ At completion of the Nine Mile Point acquisition by Constellation, the selling parties transferred all of their decommissioning trust assets into the respective master decommissioning trusts for each of NMP-1 and NMP-2. A parental guarantee for additional funds is provided pursuant to 10 CFR 50.75(e)(1)(iii)(B), which, when combined with the transferred decommissioning trust funds for NMP-1 and NMP-2, meets the total amounts required for NMP-1 and NMP-2, respectively, pursuant to 10 CFR 50.75 (b) and (c). Constellation continues to satisfy the financial tests specified in 10 CFR Part 30, Appendix A, for parental guaranties. Additional contributions to the decommissioning trust fund are not required at this time.
- ⁵ As described above, the decommissioning trust assets were transferred into the "Nine Mile Point Nuclear Station, LLC Master Decommissioning Trust Agreement for Nine Mile Point Nuclear Station Unit One and Unit Two" ("Trust Agreement") and a parental guarantee was provided. The trustee of the Trust Agreement is Mellon Bank, N.A. The Trust Agreement also contains each of the decommissioning trust conditions required by the June 22, 2001, NRC Order (as amended) to provide reasonable assurance of decommissioning funding for unregulated non-electric utilities, including investment standards and limitations, disbursement limitations, and NRC notice requirements.

ATTACHMENT (2)

2005 DECOMMISSIONING FUNDING STATUS REPORT

**Nine Mile Point Nuclear Station
Unit Nos. 1 & 2
Docket Nos. 50-220 & 50-410**

**Table 3 – Nine Mile Point
(Long Island Lighting Company [dba/Long Island Power Authority]
18% NMP-2 Ownership Interest) ⁴**

Note: All information in this table was provided by the NMP-2 minority owner, Long Island Power Authority. Constellation Energy has not independently verified or assessed the information provided by this co-owner.

	Information Required by 10 CFR 50.75(f)(1)	Unit 1 (\$000's)	Unit 2 (\$000's)	Total (\$000's)
1	The minimum decommissioning fund estimate ^{2,3} as of December 31, 2004, pursuant to 10 CFR 50.75 (b) and (c)	N/A	\$84,683 ¹	\$84,683
2	The amount accumulated as of December 31, 2004 in the external decommissioning trust pursuant to 10 CFR 50.75 (b) and (c)	N/A	\$45,533	\$45,533
3	Schedule of the annual amounts remaining to be collected	N/A	\$2,227 (2004-2026)	\$2,227 (2004-2026)
4	Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections			
	Annual decommissioning cost escalation	N/A	3.0%	3.0%
	Annual after-tax rate of earnings on decommissioning funds	N/A	6.0%	6.0%
	Frequency of contribution to the decommissioning trust	Annually		
5	Any contracts upon which Long Island Power Authority is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c)	None		
6	Any modifications to the Long Island Power Authority's current method of providing financial assurance since the last submitted report	None		
7	Any material changes to trust agreements	None		

ATTACHMENT (2)
2005 DECOMMISSIONING FUNDING STATUS REPORT

Table 3 Notes – Nine Mile Point
(Long Island Lighting Company [dba/Long Island Power Authority]
18% NMP-2 Ownership Interest)

- ¹ On November 7, 2001, Constellation Energy Group completed the acquisition of 100% of Nine Mile Point Unit 1 (NMP-1) and 82% of Nine Mile Point Unit 2 (NMP-2). The NMP-2 amounts provided in this table represent the remaining 18% Long Island Power Authority share of decommissioning responsibilities. Constellation has not independently verified this information as provided by the co-owner.
- ² These values represent the decommissioning costs, relative to the Long Island Power Authority interests, as anticipated to be incurred in removing NMP-2 safely from service and reducing residual radioactivity to levels that permit release of the property for unrestricted use and termination of the license. The cost of dismantling non-radioactive systems and structures is not included in this estimate, nor is the cost of managing and storing spent fuel on the site until transfer to the U.S. Department of Energy. Constellation has not independently verified this information as provided by the co-owner.
- ³ Values based on application of the generic minimum funding calculation specified in 10 CFR 50.75(c)(1), as adjusted in accordance with paragraph 50.75(c)(2) and Revision 10 of NUREG-1307.
- ⁴ A description of the Long Island Power Authority provisions for its portion of the decommissioning costs associated with its 18% ownership interest in NMP-2 may be found within the Audited Financial Statements available at the web site www.lipower.org/company/investor.html.

ATTACHMENT (2)

2005 DECOMMISSIONING FUNDING STATUS REPORT

**R.E. Ginna Nuclear Power Plant
Docket No. 50-244**

Table 4 – R.E. Ginna

	Information Required by 10 CFR 50.75(f)(1)	Total (\$000's)
1	The minimum decommissioning fund estimate ² as of December 31, 2004, pursuant to 10 CFR 50.75 (b) and (c)	\$319,782 ¹
2	The amount accumulated as of December 31, 2004 in the external decommissioning trust ³ pursuant to 10 CFR 50.75 (b) and (c) ³	\$214,545
3	Schedule of the annual amounts remaining to be collected	None ⁴
	Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections	
4	Annual decommissioning cost escalation	4.1%
	Annual after-tax rate of earnings on decommissioning funds	6.2%
	Frequency of contribution to the decommissioning trust	N/A
5	Any contracts upon which Constellation is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(c)	None
6	Any modifications to Constellation's current method of providing financial assurance since the last submitted report	None ⁴
7	Any material changes to trust agreements	None ⁵

ATTACHMENT (2)
2005 DECOMMISSIONING FUNDING STATUS REPORT

Table 4 Notes – R.E. Ginna

- ¹ These values represent decommissioning costs anticipated to be incurred in removing the Ginna unit safely from service and reducing residual radioactivity to levels that permit release of the property for unrestricted use and termination of the license. The cost of dismantling non-radioactive systems and structures is not included in this estimate, nor is the cost of managing and storing spent fuel on the site until transfer to the U. S. Department of Energy.
- ² Values based on application of the generic minimum funding calculation specified in 10 CFR 50.75(c)(1), as adjusted in accordance with paragraph 50.75(c)(2) and Revision 10 of NUREG-1307.
- ³ On June 10, 2004, Constellation completed acquisition of 100% of the R. E. Ginna plant and associated assets. The amounts provided in this table represent that 100% Constellation share of decommissioning responsibilities.
- ⁴ At completion of the Ginna acquisition by Constellation, the selling party transferred the decommissioning trust assets into a new master decommissioning trust. A parental guarantee for additional funds was not required because the assets exceed the amounts required pursuant to 10 CFR 50.75 (b) and (c). Additional contributions to the decommissioning trust fund are not required at this time.
- ⁵ The trustee of the new Trust Agreement is Mellon Bank, N.A. The Trust Agreement complies with the requirements set forth in Section III, item (3), of NRC Order 7590-01-P, "Order Approving Transfer of License and Conforming Amendment" dated May 28, 2004.