



Constellation Energy

• Nine Mile Point Nuclear Station

P.O. Box 63
Lycoming, NY 13093

August 16, 2005
NMP1L 1975

ATTN: Document Control Desk
Director, Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

SUBJECT: Nine Mile Point Units 1 and 2
Docket Nos. 50-220 and 50-410
Facility Operating License Nos. DPR-63 and NPF-69

Guarantee of Payment of Retrospective Premiums

Dear Mr. Dyer:

Pursuant to the Commission's requirements stated in 10 CFR 140.21, attached are:

1. A copy of the consolidated statements of income of Constellation Energy Group (CEG) as of June 30, 2005.
2. A copy of the projected cash flow of CEG for the twelve months ending December 31, 2005.
3. A narrative statement on curtailment/deferment of capital expenditures (if any) to ensure that retrospective premiums of \$10 million per reactor per year for each nuclear incident would be available for payment.

A copy of the 2004 Annual Financial Report of Constellation Energy containing certified financial statements was previously submitted on July 8, 2005 (NMP1L 1964).

Should you have any questions, please contact me at (315) 349-1041.

Very truly yours,

James A. Hutton
Director Licensing

JAH/RF/sac
Attachments

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cc: Mr. S. J. Collins, NRC Regional Administrator, Region I
Mr. G. K. Hunegs, NRC Senior Resident Inspector
Mr. T. G. Colburn, Senior Project Manager, NRR (2 copies)

ATTACHMENT 1

CONSOLIDATED STATEMENTS OF INCOME

AS OF JUNE 30, 2005

**Constellation Energy Group
Nine Mile Point Nuclear Station**

PART 1—FINANCIAL INFORMATION
Item 1—Financial Statements

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Constellation Energy Group, Inc. and Subsidiaries

	<i>Three Months Ended</i> <i>June 30,</i>		<i>Six Months Ended</i> <i>June 30,</i>	
	2005	2004	2005	2004
<i>(In millions, except per share amounts)</i>				
Revenues				
Nonregulated revenues	\$2,942.0	\$2,198.6	\$5,715.7	\$4,425.8
Regulated electric revenues	465.1	477.2	956.6	961.6
Regulated gas revenues	141.7	111.5	506.3	429.4
Total revenues	3,548.8	2,787.3	7,178.6	5,816.8
Expenses				
Fuel and purchased energy expenses	2,638.0	1,927.7	5,354.4	4,128.6
Operating expenses	473.6	466.4	938.9	866.0
Depreciation and amortization	136.5	127.3	270.2	248.9
Accretion of asset retirement obligations	15.3	12.4	30.4	23.5
Taxes other than income taxes	67.1	61.6	135.6	125.6
Total expenses	3,330.5	2,595.4	6,729.5	5,392.6
Income from Operations	218.3	191.9	449.1	424.2
Other Income	11.3	5.0	21.6	9.6
Fixed Charges				
Interest expense	76.7	83.5	158.0	168.3
Interest capitalized and allowance for borrowed funds used during construction	(2.6)	(3.2)	(5.6)	(5.8)
BGE preference stock dividends	3.3	3.3	6.6	6.6
Total fixed charges	77.4	83.6	159.0	169.1
Income from Continuing Operations Before Income Taxes	152.2	113.3	311.7	264.7
Income Tax Expense (Benefit)	33.2	(14.9)	72.4	26.2
Income from Continuing Operations	119.0	128.2	239.3	238.5
Income from discontinued operations related to Oleander, net of income taxes of \$1.8, \$1.7, \$2.1, and \$3.1, respectively	2.7	2.7	3.1	4.9
Loss from discontinued operations related to Hawaiian Geothermal Facility, net of income taxes of \$2.6 and \$26.4, respectively	—	(2.7)	—	(49.0)
Net Income	\$ 121.7	\$ 128.2	\$ 242.4	\$ 194.4
Earnings Applicable to Common Stock	\$ 121.7	\$ 128.2	\$ 242.4	\$ 194.4
Average Shares of Common Stock Outstanding—Basic	177.6	168.7	177.2	168.4
Average Shares of Common Stock Outstanding—Diluted	179.7	169.6	179.2	169.4
Earnings Per Common Share from Continuing Operations—Basic	\$ 0.67	\$ 0.76	\$ 1.35	\$ 1.42
Income from discontinued operations related to Oleander	0.02	0.02	0.02	0.03
Loss from discontinued operations related to Hawaiian Geothermal Facility	—	(0.02)	—	(0.30)
Earnings Per Common Share—Basic	\$ 0.69	\$ 0.76	\$ 1.37	\$ 1.15
Earnings Per Common Share from Continuing Operations—Diluted	\$ 0.66	\$ 0.76	\$ 1.33	\$ 1.41
Income from discontinued operations related to Oleander	0.02	0.01	0.02	0.03
Loss from discontinued operations related to Hawaiian Geothermal Facility	—	(0.01)	—	(0.29)
Earnings Per Common Share—Diluted	\$ 0.68	\$ 0.76	\$ 1.35	\$ 1.15
Dividends Declared Per Common Share	\$ 0.335	\$ 0.285	\$ 0.670	\$ 0.570

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Constellation Energy Group, Inc. and Subsidiaries

	<i>Three Months Ended</i> <i>June 30,</i>		<i>Six Months Ended</i> <i>June 30,</i>	
	2005	2004	2005	2004
<i>(In millions)</i>				
Net Income	\$ 121.7	\$ 128.2	\$ 242.4	\$ 194.4
Other comprehensive income (OCI)				
Reclassification of net gains on sales of securities from OCI to net income, net of taxes	(0.1)	—	(0.1)	(0.3)
Reclassification of net gains on hedging instruments from OCI to net income, net of taxes	(60.5)	(44.4)	(98.2)	(69.2)
Net unrealized (losses) gains on hedging instruments, net of taxes	(132.3)	102.5	86.2	198.8
Net unrealized (losses) gains on securities, net of taxes	(2.3)	(12.9)	8.6	14.0
Net unrealized gain on foreign currency, net of taxes	0.4	—	0.3	—
Comprehensive (Loss) Income	\$ (73.1)	\$ 173.4	\$ 239.2	\$ 337.7

See Notes to Consolidated Financial Statements.

Certain prior-period amounts have been reclassified to conform with the current period's presentation.

ATTACHMENT 2

**PROJECTED CASH FLOW FOR THE 12 MONTHS
ENDING DECEMBER 31, 2005**

Projected Cash Flow

(Presented as suggested in Regulatory Guide 9.4, "Suggested Format for Cash Flow Statements
Submitted as Guarantees of Payment of Retrospective Premiums")

Percentage Ownership		
in all Operating	Nine Mile Point Unit No. 1	100.00%
Nuclear Units	Nine Mile Point Unit No. 2	82.00%

Maximum Total Contingent Liability (000)	
Per Nuclear Incident	\$201,200
Payable at Per Year (000)	\$10,000

	2004 Actual (\$000)	2005 Projected (\$000)
Net Income	539,700	635,000
Less Dividends Paid	(189,700)	(226,000)
Retained Earnings	350,000	409,000
Adjustments:		
Depreciation and Amortization	660,700	721,000
Deferred Income Taxes	123,400	50,579
Investment Tax Credit	(7,200)	(4,997)
Allowance for Funds Used During Construction	(2,000)	(10,900)
Total Adjustments	774,900	755,682
Internal Cash Flow	<u>1,124,900</u>	<u>1,164,682</u>
Average Quarterly Cash Flow	<u>281,225</u>	<u>291,170</u>
CEG Capital Expenditures (including nuclear fuel & capitalized interest)		(911,904)

Underlying Assumptions for Projected Cash Flow

- (1) Depreciation is generally computed using composite straight-line rates applied to the average investment in classes of depreciable property. Vehicles are depreciated based on their estimated useful lives.
- (2) Estimates of Federal income taxes and other tax expense are based upon existing tax laws and any known changes thereto.
- (3) Accounting policies are consistent with those in effect December 31, 2004.

ATTACHMENT 3

NARRATIVE STATEMENT
CURTAILMENT OF CAPITAL EXPENDITURES

Curtailment of Capital Expenditures

Estimated construction expenditures including nuclear fuel and Allowance for Funds Used During Construction for the twelve months ended December 31, 2005 is \$912 million. To insure that retrospective premiums under the Price Anderson Act would be available during the aforementioned twelve month period without additional funds from external sources, construction curtailments would affect all construction expenditures rather than impacting a specific project.