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March 30, 2007

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 Title 10 Code of Federal Regulations (CFR) 50.75(f)(1), this letter forwards the 2007 report on the status of decommissioning funding for Calvert Cliffs Nuclear Power Plant, R.E. Ginna Nuclear Power Plant, and Nine Mile Point Nuclear Station, which are owned by the Constellation Generation Group, LLC. Title 10 CFR 50.75(f)(1) requires that each power reactor licensee report, on a calendar-year basis, to the Nuclear Regulatory Commission at least once every two years 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 2006 reporting period.


The information required by 10 CFR 50.75(f)(1) is provided in Attachment (1). Please note the required information applicable to the Nine Mile Point Nuclear Power Station Unit 2 reactor includes summary statements provided by the remaining 18% co-owner, Long Island Power Authority. Constellation Generation Group has not independently verified information provided by this co-owner.

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Should you have questions regarding the information in this submittal, please contact Mr. L. S. Larragoite at (410) 897-5087.

Very truly yours,

  
J. M. Heffley  
Chief Nuclear Officer

Attachment: 1. 2007 Decommissioning Funding Status Report Year End 2006

|     |  |                                     |
|-----|--|-------------------------------------|
| cc: | Director, Project Directorate I-1, NRC   | Resident Inspector, NRC (Nine Mile) |
|     | D. V. Pickett, NRC                       | R. I. McLean, Maryland DNR          |
|     | S. J. Collins, NRC                       | J. P. Spath, NYSERDA                |
|     | Resident Inspector, NRC (Calvert Cliffs) | P. D. Eddy, NYSOPS                  |
|     | Resident Inspector, NRC (Ginna)          |                                     |

**ATTACHMENT (1)**

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**2007 DECOMMISSIONING FUNDING STATUS REPORT**

**YEAR END 2006**

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**ATTACHMENT (1)**  
**2007 DECOMMISSIONING FUNDING STATUS REPORT**  
**YEAR END 2006**

**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<br>(\$000's)    | Unit 2<br>(\$000's)    | Total<br>(\$000's)     |
|---|---|------------------------|------------------------|------------------------|
| 1 | The minimum decommissioning fund estimate <sup>2</sup> as of December 31, 2006, pursuant to 10 CFR 50.75 (b) and (c)  | \$330,968 <sup>1</sup> | \$330,968 <sup>1</sup> | \$661,936 <sup>1</sup> |
| 2 | The amount accumulated as of December 31, 2006 in the external decommissioning trust <sup>3</sup> pursuant to 10 CFR 50.75 (b) and (c)                            | \$174,994              | \$225,255              | \$400,249              |
| 3 | Schedule of the annual amounts remaining to be collected <sup>3,4</sup>   | 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  | 6%                     |                        |                        |
|   | Annual after-tax rate of earnings on decommissioning funds  | 7%                     |                        |                        |
|   | 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)(B)  | Yes <sup>4</sup>       |                        |                        |
| 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  | No <sup>5</sup>        |                        |                        |

**ATTACHMENT (1)**  
**2007 DECOMMISSIONING FUNDING STATUS REPORT**  
**YEAR END 2006**

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**Table 1 Notes – Calvert Cliffs**

- <sup>1</sup> 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.
- <sup>2</sup> 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 11 of NUREG-1307.
- <sup>3</sup> Prior amounts deposited into the trust were approved by the Maryland Public Service Commission in 1999 and the Internal Revenue Service in 2002. These collections continued until December 31, 2006, per a June 2006 Settlement Agreement that included the Maryland Public Service Commission and Baltimore Gas & Electric.
- <sup>4</sup> Calvert Cliffs regulated affiliate, Baltimore Gas & Electric (BGE), collected decommissioning costs from its electric customers for Calvert Cliffs through its delivery service charged in accordance with a restructuring order from the Maryland Public Service Commission. BGE transferred these funds to Calvert Cliffs, pursuant to a Decommissioning Funds Collection Agent Agreement. Under the terms of this Agreement, Calvert Cliffs deposited the collected funds into the decommissioning trusts. The NRC reviewed the details of this contractual arrangement, as reflected in its June 30, 2000, Safety Evaluation and concluded that, given the inter-company agreements that obligate the payments, Calvert Cliffs was 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). The deposits were temporarily suspended on January 1, 2007, pursuant to recently-passed legislation within the State of Maryland. The Maryland Senate Bill 1 (S.B. 1) requires that for the next 10 years, the annual amount previously collected is to be returned to customers as part of a rate relief effort. The prior Maryland PSC Order will otherwise remain in effect and additional contributions into the fund may recommence at that time.
- <sup>5</sup> Since originally filed with the Commission in 1990, the trust agreement has been amended and restated. Those changes, as reflected in the trust agreement, are not material. Mellon Bank, N.A, was appointed Successor Trustee under the Trust Agreement, effective October 2005. 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. A copy of the restated trust agreement is available upon request.

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**2007 DECOMMISSIONING FUNDING STATUS REPORT**  
**YEAR END 2006**

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

**Table 2 – Nine Mile Point <sup>1</sup>**  
**(Constellation Energy Group Ownership Interest)**

|   | <b>Information Required by 10 CFR 50.75(f)(1)</b>   | <b>Unit 1<br/>(\$000's)</b> | <b>Unit 2<br/>(\$000's)</b> | <b>Total<br/>(\$000's)</b> |
|---|---|-----------------------------|-----------------------------|----------------------------|
| 1 | The minimum decommissioning fund estimate <sup>3</sup> as of December 31, 2006, pursuant to 10 CFR 50.75 (b) and (c)  | \$443,164 <sup>2</sup>      | \$406,617 <sup>2</sup>      | \$849,781 <sup>2</sup>     |
| 2 | The amount accumulated as of December 31, 2006 in the external decommissioning trust pursuant to 10 CFR 50.75 (b) and (c)   | \$350,658                   | \$222,188                   | \$572,846                  |
| 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  | 6%                          |                             |                            |
|   | Annual after-tax rate of earnings on decommissioning funds  | 7%                          |                             |                            |
|   | Frequency of contribution to the decommissioning trust <sup>4</sup>   | N/A                         |                             |                            |
| 5 | Any contracts upon which Constellation is relying pursuant to 10 CFR 50.75 (e)(1)(ii)(B)  | None                        |                             |                            |
| 6 | Any modifications to Constellation's current method of providing financial assurance since the last submitted report  | None <sup>4</sup>           |                             |                            |
| 7 | Any material changes to trust agreements  | None <sup>5</sup>           |                             |                            |

**ATTACHMENT (1)**  
**2007 DECOMMISSIONING FUNDING STATUS REPORT**  
**YEAR END 2006**

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

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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 11 of NUREG-1307.
- <sup>4</sup> 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 was 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, met the total amounts required for NMP-1 and NMP-2, respectively, pursuant to 10 CFR 50.75 (b) and (c). The operating licenses for both units were renewed by the NRC on October 31, 2006, thus allowing the funds to compound for a longer period of time at a rate in excess of the rate of growth of the nuclear decommissioning costs. This granting of the renewed licenses extends the relevant timing assumptions, thus alleviating the need for a continued parental guarantee. Therefore, neither additional contributions to the decommissioning trust fund nor a parental guarantee are required at this time.
- <sup>5</sup> 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"). 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.

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

**Table 3 – Nine Mile Point**  
**(Long Island Power Authority 18% NMP-2 Ownership Interest) <sup>1</sup>**

*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<br>(\$000's) | Unit 2<br>(\$000's)    | Total<br>(\$000's)     |
|---|---|---------------------|------------------------|------------------------|
| 1 | The minimum decommissioning fund estimate <sup>3</sup> as of December 31, 2006, pursuant to 10 CFR 50.75 (b) and (c)  | N/A                 | \$88,257 <sup>2</sup>  | \$88,257 <sup>2</sup>  |
| 2 | The amount accumulated as of December 31, 2006 in the external decommissioning trust pursuant to 10 CFR 50.75 (b) and (c)   | N/A                 | \$55,685               | \$55,685               |
| 3 | Schedule of the annual amounts remaining to be collected <sup>4</sup>   | N/A                 | \$2,840<br>(2006-2026) | \$2,840<br>(2006-2026) |
|   | 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  | N/A                 | 3.0%                   | 3.0%                   |
|   | Annual after-tax rate of earnings on decommissioning funds  | N/A                 | 5.5%                   | 5.5%                   |
|   | 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)(B)  | 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                |                        |                        |



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**2007 DECOMMISSIONING FUNDING STATUS REPORT**  
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**Table 3 Notes – Nine Mile Point**  
**(Long Island Power Authority 18% NMP-2 Ownership Interest)**

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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 11 of NUREG-1307.
- <sup>4</sup> As of December 31, 2006 a decision by the Long Island Power Authority had not been made to participate in the NMP-2 license extension. These values represent that status. Subsequently, in January 2007, the Long Island Power Authority Board of Trustees agreed to participate in the extended license.

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**R.E. GINNA NUCLEAR POWER PLANT**  
**Docket No. 50-244**

**Table 4 – R.E. Ginna <sup>1</sup>**

|   | <b>Information Required by 10 CFR 50.75(f)(1)</b>   | <b>Total<br/>(\$000's)</b> |
|---|---|----------------------------|
| 1 | The minimum decommissioning fund estimate <sup>3</sup> as of December 31, 2006, pursuant to 10 CFR 50.75 (b) and (c)  | \$305,935 <sup>2</sup>     |
| 2 | The amount accumulated as of December 31, 2006 in the external decommissioning trust pursuant to 10 CFR 50.75 (b) and (c)   | \$246,675                  |
| 3 | Schedule of the annual amounts remaining to be collected  | None <sup>4</sup>          |
| 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  | 6%                         |
|   | Annual after-tax rate of earnings on decommissioning funds  | 7%                         |
|   | 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)(B)  | None                       |
| 6 | Any modifications to Constellation's current method of providing financial assurance since the last submitted report  | None <sup>4</sup>          |
| 7 | Any material changes to trust agreements  | None <sup>5</sup>          |

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**YEAR END 2006**

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**Table 4 Notes – R.E. Ginna**

- <sup>1</sup> 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.
- <sup>2</sup> 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 11 of NUREG-1307.
- <sup>3</sup> 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.
- <sup>4</sup> At completion of the Ginna acquisition by Constellation, the selling party transferred the decommissioning trust assets into a 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.
- <sup>5</sup> The trustee of the 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.