



**Constellation Energy**

Nine Mile Point Nuclear Station

P.O. Box 63  
Lycoming, NY 13093

August 6, 2008

U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001

**ATTENTION:** Document Control Desk

**SUBJECT:** Nine Mile Point Nuclear Station  
Unit Nos. 1 and 2; Docket Nos. 50-220 and 50-410

Guarantee of Payment of Retrospective Premiums

Pursuant to the Commission's requirements stated in 10 CFR 140.21(e), enclosed are:

1. A copy of the consolidated statements of income of Constellation Energy Group (CEG) as of March 31, 2008.
2. A copy of the projected cash flow of CEG for the twelve months ending December 31, 2008.
3. A narrative statement on curtailment/deferment of capital expenditures (if any) to ensure that retrospective premiums of \$15 million per reactor per year for each nuclear incident would be available for payment.

A Form 10-Q is submitted every quarter to the United States Security and Exchange Commission.

Should you have any questions regarding the information in this submittal, please contact me at (315) 349-5219.

Very truly yours,

Terry F. Syrell  
Director Licensing

TFS/MHS

- Enclosures:
1. Consolidated Statements of Income as of March 31, 2008
  2. Projected Cash Flow for the Twelve Months Ending December 31, 2008
  3. Narrative Statement on Curtailment of Capital Expenditures

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cc: NRC Regional Administrator, Region I  
NRC Senior Resident Inspector  
NRR Project Manager

**ENCLOSURE 1**

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**CONSOLIDATED STATEMENTS OF INCOME**

**AS OF MARCH 31, 2008**

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**Nine Mile Point Nuclear Station, LLC**  
**August 6, 2008**

**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>March 31,</i>	
	2008	2007
<i>(In millions, except per share amounts)</i>		
<b>Revenues</b>		
Nonregulated revenues	\$3,726.9	\$4,193.8
Regulated electric revenues	709.3	514.8
Regulated gas revenues	391.0	402.5
Total revenues	4,827.2	5,111.1
<b>Expenses</b>		
Fuel and purchased energy expenses	3,743.1	4,016.7
Operating expenses	590.1	568.7
Depreciation, depletion, and amortization	148.3	132.4
Accretion of asset retirement obligations	16.6	17.7
Taxes other than income taxes	74.8	73.2
Total expenses	4,572.9	4,808.7
<b>Income from Operations</b>	254.3	302.4
<b>Other Income, primarily interest income</b>	42.3	42.4
<b>Fixed Charges</b>		
Interest expense	78.8	80.3
Interest capitalized and allowance for borrowed funds used during construction	(7.1)	(3.8)
BGE preference stock dividends	3.3	3.3
Total fixed charges	75.0	79.8
<b>Income from Continuing Operations Before Income Taxes</b>	221.6	265.0
<b>Income Tax Expense</b>	75.9	67.7
<b>Income from Continuing Operations</b>	145.7	197.3
Loss from discontinued operations, net of income taxes of \$0.8	—	(1.6)
<b>Net Income</b>	\$ 145.7	\$ 195.7
<b>Earnings Applicable to Common Stock</b>	\$ 145.7	\$ 195.7
<b>Average Shares of Common Stock Outstanding—Basic</b>	178.2	180.6
<b>Average Shares of Common Stock Outstanding—Diluted</b>	180.2	182.8
<b>Earnings Per Common Share from Continuing Operations—Basic</b>	\$ 0.82	\$ 1.09
Loss from discontinued operations	—	(0.01)
<b>Earnings Per Common Share—Basic</b>	\$ 0.82	\$ 1.08
<b>Earnings Per Common Share from Continuing Operations—Diluted</b>	\$ 0.81	\$ 1.08
Loss from discontinued operations	—	(0.01)
<b>Earnings Per Common Share—Diluted</b>	\$ 0.81	\$ 1.07
<b>Dividends Declared Per Common Share</b>	\$ 0.4775	\$ 0.435

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

**Constellation Energy Group, Inc. and Subsidiaries**

	<i>Three Months Ended</i> <i>March 31,</i>	
	2008	2007
<i>(In millions)</i>		
<b>Net Income</b>	\$ 145.7	\$ 195.7
<b>Other comprehensive income (OCI)</b>		
Hedging instruments:		
Reclassification of net loss on hedging instruments from OCI to net income, net of taxes	177.0	399.4
Net unrealized gain on hedging instruments, net of taxes	361.6	310.3
Available-for-sale securities:		
Reclassification of net gain on sales of securities from OCI to net income, net of taxes	(0.3)	(0.9)
Net unrealized loss on securities, net of taxes	(45.1)	(19.5)
Defined benefit obligations:		
Amortization of net actuarial loss, prior service cost, and transition obligation included in net periodic benefit cost, net of taxes	5.1	6.3
Net unrealized (loss) gain on foreign currency, net of taxes	(2.5)	0.3
<b>Comprehensive Income</b>	\$ 641.5	\$ 891.6

See Notes to Consolidated Financial Statements.

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

**ENCLOSURE 2**

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**PROJECTED CASH FLOW FOR THE TWELVE MONTHS ENDING  
DECEMBER 31, 2008**

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**Nine Mile Point Nuclear Station, LLC  
August 6, 2008**

**ENCLOSURE 2**

**PROJECTED CASH FLOW FOR THE TWELVE MONTHS ENDING DECEMBER 31,  
2008**

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Percentage Ownership in all Operating Units

Nine Mile Point Unit No. 1	100.00%
Nine Mile Point Unit No. 2	82.00%

Maximum Total Contingent Liability

Per Nuclear Incident (\$000)	\$201,200
Payable Per Reactor Per Year (\$000)	\$15,000

	<b>2007 Actual \$000</b>	<b>2008 Projected \$000</b>
	<hr/>	<hr/>
Net Income	821,500	1,008,136
Less: Dividends Paid	(306,000)	(337,162)
Retained Earnings	<hr/> 515,500	<hr/> 670,974
Adjustments:		
Depreciation and Amortization	460,400	516,911
Deferred income Taxes	226,200	78,957
Investment tax credit	(6,700)	(5,016)
Allowance for funds Used during construction	(4,900)	(6,496)
Total Adjustment	<hr/> 675,000	<hr/> 584,356
Internal Cash Flow	<hr/> <u>1,190,500</u>	<hr/> <u>1,255,330</u>
Average Quarterly Cash Flow	<hr/> <u>297,625</u>	<hr/> <u>313,833</u>

**ENCLOSURE 2**

**PROJECTED CASH FLOW FOR THE TWELVE MONTHS ENDING DECEMBER 31,  
2008**

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Underlying Assumptions for Projected Cash Flows

- (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, 2007.

**ENCLOSURE 3**

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**NARRATIVE STATEMENT ON CURTAILMENT OF CAPITAL  
EXPENDITURES**

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**Nine Mile Point Nuclear Station, LLC  
August 6, 2008**



## ENCLOSURE 3

### NARRATIVE STATEMENT ON CURTAILMENT OF CAPITAL EXPENDITURES

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Constellation Energy Group

#### Curtailment of Capital Expenditures

Estimated construction expenditures including nuclear fuel and Allowance for Funds Used During Construction for the twelve months ended December 31, 2008 is \$2,297 million. To ensure 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.