

Henry B. Barron
President, CEO & Chief Nuclear Officer

Constellation Energy Nuclear Group
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Suite 1800P
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10 CFR 50.80
10 CFR 72.50
10 CFR 50.90

June 25, 2009

U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

ATTENTION: Document Control Desk

SUBJECT: **Calvert Cliffs Nuclear Power Plant**
Unit Nos. 1 & 2; Docket Nos. 50-317 & 50-318
Calvert Cliffs Independent Spent Fuel Storage Installation
Docket No. 72-8
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

Response to NRC's Request for Additional Information

- REFERENCES:**
- (a) Letter from Mr. R. V. Guzman (NRC) to Mr. S. L. Belcher (NMPNS), dated June 10, 2009, Request for Additional Information Regarding Application for an Order Approving License Transfers and Conforming License Amendment Request - Calvert Cliffs Nuclear Power Plant, Unit Nos. 1 and 2, Nine Mile Point Nuclear Station, Unit Nos. 1 and 2, R.E. Ginna Nuclear Power Plant, and Calvert Cliffs Independent Spent Fuel Storage Installation, Material License SNM-2505 (TAC Nos. ME0443, ME0444, ME0445, ME0446, and ME0447)
 - (b) Letter from Mr. M. J. Wallace (CEG) to Document Control Desk (NRC), dated January 22, 2009, Application for an Order Approving License Transfers and Conforming License Amendment Request

The purpose of this letter is to provide the response of Constellation Energy Nuclear Group, LLC (on behalf of its subsidiary licensees Calvert Cliffs Nuclear Power Plant, Inc., Nine Mile Point Nuclear Station, LLC, and R. E. Ginna Nuclear Power Plant, LLC) and EDF Development Inc. to the Nuclear Regulatory Commission's request for additional information (Reference a) regarding the Application for an Order Approving License Transfers and Conforming License Amendment Request (Reference b). The requested information is provided in Attachment (1).

ADD/ NRR

If there are any questions regarding this transmittal, please contact Louis Larragoite at 410-495-5245 or Louis.S.Larragoite@constellation.com.

Sincerely,



Henry B. Barron
Chief Nuclear Officer
Constellation Energy Nuclear Group, LLC

STATE OF MARYLAND

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: TO WIT:

:

CITY OF BALTIMORE

I, Henry B. Barron, state that I am the Chief Nuclear Officer for Constellation Energy Nuclear Group, LLC, for Calvert Cliffs Nuclear Power Plant, Inc., Nine Mile Point Nuclear Station, LLC, and R.E. Ginna Nuclear Power Plant, LLC, and that I am duly authorized to execute and file this response on behalf of these companies. To the best of my knowledge and belief, the statements contained in this document with respect to these companies are true and correct. To the extent that these statements are not based on my personal knowledge, they are based upon information provided by employees and/or consultants of the companies. Such information has been reviewed in accordance with company practice, and I believe it to be reliable.



Subscribed and sworn before me, a Notary Public in and for the State of Maryland and City of Baltimore, this 25th day of June, 2009.

WITNESS my Hand and Notarial Seal:


Notary Public

My Commission Expires:

7/7/11
Date

HBB/EMT

Attachment: (1) Response to NRC Request for Additional Information



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cc: D. V. Pickett, NRC
R. V. Guzman, NRC
M. F. Weber, NMSS
S. J. Collins, NRC
S. Gray, Maryland DNR

Resident Inspector, NRC (Calvert Cliffs)
Resident Inspector, NRC (Ginna)
Resident Inspector, NRC (Nine Mile Point)
A. L. Peterson, NYSERDA
P. D. Eddy, New York State Department of Public Service

ATTACHMENT (1)

RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION

ATTACHMENT (1)

RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION

RAI 1:

It is stated on Page 16, Part B of Section VII, "Financial Qualifications," of the January 22, 2009, submittal:

*As is demonstrated above, in accordance with 10 CFR 50.75, there continues to be reasonable assurance that the Applicants will have the funds necessary to cover the estimated decommissioning costs of CCNPP, Ginna, and NMP Unit 1, and the relevant share of the decommissioning costs of NMP Unit 2 at the end of licensed operation. [***]*

Please explain how the proposed corporate restructuring whereby EDF Development would acquire a 49.99% ownership interest in CENG will impact decommissioning funding assurance for CCNPP Unit Nos. 1 & 2, R.E. Ginna Nuclear Power Plant, NMP Unit No. 1 and the relevant share of NMP, Unit No. 2.

Response:

Constellation Energy Nuclear Group (CENG) (on behalf of its subsidiary licensees Calvert Cliffs Nuclear Power Plant, Inc., Nine Mile Point Nuclear Station, LLC, and R. E. Ginna Nuclear Power Plant, LLC) and EDF Development Inc. (EDF Development) have not proposed any changes in decommissioning funding assurance arrangements for Calvert Cliffs Nuclear Power Plant (CCNPP) Units 1 and 2, R.E. Ginna Nuclear Power Plant, Nine Mile Point Nuclear Power Plant Unit 1 and the relevant share of Nine Mile Point Nuclear Power Plant Unit 2 as a result of the proposed corporate restructuring associated with the license transfer. The proposed investment by EDF Development in CENG, however, is expected to have a positive overall effect on decommissioning funding assurance for the CENG fleet. EDF Development's investment will add another financially strong owner of CENG, thereby strengthening CENG's ability to continue to ensure adequate financial assurance for decommissioning to be provided by the post-transfer licensees for the plants, Calvert Cliffs Nuclear Power Plant, LLC, Nine Mile Point Nuclear Station, LLC, and R. E. Ginna Nuclear Power Plant, LLC (NRC Licensees).

Constellation Energy Nuclear Group's current parent company, Constellation Energy Group, Inc. (CEG), and EDF Development (through its corporate parents) collectively have nearly \$110 billion of annual revenues and possess approximately \$300 billion of assets. Both EDF Development's ultimate parent company, Électricité de France, SA, and CEG currently maintain investment-grade credit ratings. Post-closing of the transaction, EDF Development will directly or indirectly provide support to the NRC licensees in meeting their obligations to provide its proportionate share of decommissioning funding assurance.

RAI 2:

Page 15 of the January 22, 2009 submittal states:

*Calvert Cliffs Nuclear Power Plant, Inc. currently provides decommissioning funding assurance for CCNPP by means of an external sinking fund which is funded with additional company contributions from a non-bypassable charge, as defined in 10 CFR 50.2, collected by CEG's regulated utility affiliate, Baltimore Gas and Electric Company. Pursuant to a recent settlement agreement with the Maryland Public Service Commission, these arrangements will continue through December 31, 2016 and we project continuing to make contributions to the nuclear decommissioning trust for CCNPP. [***].*

Please provide further information regarding how the proposed corporate restructuring will affect the referenced settlement with the Maryland Public Service Commission or any other agreements related to decommissioning funding assurance.

ATTACHMENT (1)

RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION

Response:

The proposed corporate restructuring associated with the license transfer does not affect the referenced settlement with the Maryland Public Service Commission or the related provisions of Maryland legislation including Senate Bill 1 and Senate Bill 1013 (addressed below). As noted above, EDF Development's investment in CENG will add another financially strong owner that will enhance CENG's ability to ensure adequate financial assurance for decommissioning.

RAI 3:

Page 16 of the application states:

The proposed conversion of Calvert Cliffs Nuclear Power Plant, Inc. into a limited liability company does not affect any existing financial assurance instruments for decommissioning funding.

The staff is aware that CENG's regulated affiliate, Baltimore Gas and Electric Company (BGE), pursuant to Maryland Senate Bill 1 (signed into law in 2006) and a 1999 restructuring order from the Maryland Public Service Commission, collects an annual decommissioning charge of approximately \$18.7 million from its electric customers for the Calvert Cliffs plant through its delivery service charges. In the past, BGE transferred these collected funds to Calvert Cliffs Nuclear Power Plant, Inc. and later CENG, in accordance with a Decommissioning Funds Collection Agent Agreement. Calvert Cliffs and CENG then deposited the funds into the decommissioning trusts for the Calvert Cliffs plant each year. The NRC reviewed the details of the original contractual arrangement, and in its June 30, 2000 Safety Evaluation concluded that, given the inter-company agreements that obligate the payments, the company was providing decommissioning funding assurance in the form of an external sinking fund tied to a non-bypassable charge, pursuant to 10 CFR 50.75(e)(ii)(B).

The staff is further aware of Maryland Senate Bill 1013, signed into law on April 24, 2008, which gave effect to a settlement agreement between Constellation and its affiliates and the Maryland Public Service Commission which authorized continued collections by BGE of \$18.7 million annually in decommissioning charges for Calvert Cliffs through December 31, 2016. Senate Bill 1013 also directs BGE to provide credit for residential customers equal to the approximately \$18.7 million dollars collected annually for decommissioning and also relieves ratepayers of all nuclear decommissioning liability for CCNPP.

10 CFR 50.75(e)(1)(ii) states that

....this method [external sinking fund] may be used as the exclusive mechanism relied upon for providing financial assurance for decommissioning in the following circumstances:...(B) by a licensee whose source of revenues for its external sinking fund is a "non-bypassable charge," the total amount of which will provide funds estimated to be needed for decommissioning pursuant to §§ 50.75(c), 50.75(f) or 50.82 of this part.

Based on this information, Constellation may no longer rely exclusively on an external sinking fund as its decommissioning funding assurance mechanism. Please provide your plan for implementing an alternate decommissioning funding assurance mechanism, acceptable per NRC requirements outlined in 10 CFR 50.75(e)(1), which will be used to provide decommissioning funding assurance.

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RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION

Response:

For 2009, CENG continued to make the approximately \$18.7 million contribution to the CCNPP decommissioning trust. As noted in CENG's 2009 Decommissioning Funding Status Report, submitted March 26, 2009, future contributions from the parent companies of Calvert Cliffs Nuclear Power Plant, Inc. (which will become Calvert Cliffs Nuclear Power Plant, LLC) will be evaluated and determined on a case-by-case basis each year, and it is anticipated that some degree of annual contributions will be needed through 2013.

Based on a careful review, we have determined that, going forward, we will no longer rely exclusively on the external sinking fund method for CCNPP. We are currently evaluating additional funding mechanisms that may be used in combination with the existing sinking fund for CCNPP, as allowed by 10 CFR 50.75(e)(1)(vi), as well as other approaches to funding assurance allowed by regulation, such as use of a site-specific cost estimate based on a defined period of safe storage (utilizing the SAFSTOR method of decommissioning as described in Regulatory Guide 1.159, Rev. 1). By letters dated June 18, 2009, the NRC staff has requested that CENG schedule a telephone conference with the staff within 10 working days of the date of the letters to discuss decommissioning funding issues for the CENG fleet. As part of that teleconference, CENG will be prepared to discuss possible mechanisms for adjusting decommissioning funding assurance for CCNPP and a schedule for submitting a plan to address such adjustments.