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

10 CFR 50.71(b)

04/29/2020

**SUSQUEHANNA STEAM ELECTRIC STATION
ANNUAL FINANCIAL REPORT
REQUIRED BY 10 CFR 50.71
PLA-7863**

**Docket Nos. 50-387
and 50-388**

As required by 10 CFR 50.71(b), the enclosure to this letter provides the 2019 annual financial report for Talen Energy Supply, LLC, the parent company of Susquehanna Nuclear, LLC.

This letter contains no new regulatory commitments.

If you have any questions or require additional information, please contact Ms. Melisa Krick, Manager of Nuclear Regulatory Affairs, at (570) 542-1818.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Cimorelli", written over a horizontal line.

K. Cimorelli

Enclosure: Annual Financial Report

Copy: NRC Region I
Ms. S. Goetz, NRC Project Manager
Ms. L. H. Micewski, NRC Sr. Resident Inspector
Mr. M. Shields, PA DEP/BRP

**Enclosure to PLA-7863
Annual Financial Report**

TALEN ENERGY SUPPLY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31,

(Millions of Dollars)

	2019	2018
Capacity revenues	\$ 432	\$ 592
Energy revenues	1,806	2,128
Unrealized gain (loss) on derivative instruments	359	(6)
Operating Revenues	2,597	2,714
Fuel and energy purchases	(888)	(1,206)
Unrealized gain (loss) on derivative instruments	(55)	7
Nuclear fuel amortization	(125)	(126)
Gross Margin	1,529	1,389
Other Operating Expenses		
Plant operation and maintenance	(647)	(686)
General and administrative	(82)	(83)
Postretirement benefits service cost	(5)	(28)
Depreciation, amortization and accretion	(451)	(467)
Restructuring costs	(18)	(52)
Other operating income (expense), net	(37)	(19)
Operating Income (Loss)	289	54
Interest expense	(375)	(333)
Nuclear decommissioning trust funds gain (loss), net	178	(18)
Postretirement benefits gain (loss), net	(9)	(5)
Debt restructuring gain (loss), net	(68)	9
Reorganization gain (loss), net	—	73
Other non-operating income (expense), net	4	(1)
Income (Loss) Before Income Taxes	19	(221)
Income tax benefit (expense)	(27)	82
Income (Loss) from Continuing Operations after Income Taxes	(8)	(139)
Income (loss) from discontinued operations (net of income taxes)	—	(8)
Net Income (Loss)	\$ (8)	\$ (147)

TALEN ENERGY SUPPLY, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31,

(Millions of Dollars)

	2019	2018
Assets		
Cash and cash equivalents	\$ 72	\$ 22
Restricted cash and cash equivalents	111	219
Accounts receivable, net	136	200
Inventory, net	511	460
Derivative instruments	784	371
Assets held for sale	14	—
Other current assets	55	43
Total current assets	1,683	1,315
Property, plant and equipment, net	6,642	6,956
Nuclear decommissioning trust funds	1,316	1,125
Derivative instruments	169	82
Other noncurrent assets	107	73
Total Assets	\$ 9,917	\$ 9,551
Liabilities and Equity		
Revolving credit facilities	\$ 115	\$ 210
Long-term debt, due within one year	150	45
Inventory repurchase obligations	150	—
Accrued interest	65	63
Accounts payable and other accrued liabilities	269	354
Derivative instruments	687	456
Liabilities held for sale	1	—
Other current liabilities	107	67
Total current liabilities	1,544	1,195
Long-term debt	4,096	4,204
Derivative instruments	146	163
Postretirement benefit obligations	451	384
Asset retirement obligations and accrued environmental costs	655	598
Deferred income taxes	696	679
Other noncurrent liabilities	93	55
Total Liabilities	7,681	7,278
Commitments and Contingencies		
Member's Equity	2,236	2,273
Total Liabilities and Equity	\$ 9,917	\$ 9,551

TALEN ENERGY SUPPLY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

(Millions of Dollars)

	2019	2018
Operating Activities		
Net income (loss)	\$ (8)	\$ (147)
Reconciliation adjustments:		
Unrealized (gains) losses on derivative instruments	(289)	(7)
Nuclear fuel amortization	122	126
Depreciation, amortization and accretion	470	493
Reorganization (gain) loss, net	—	(73)
Nuclear decommissioning trust funds (gain) loss, net (excluding interest and fees)	(154)	41
Debt restructuring (gain) loss, net	56	(9)
PIK interest	29	7
Net periodic defined benefit cost	15	33
Deferred income taxes	25	(116)
Other	27	11
Change in assets and liabilities:		
Accounts receivable, net	51	84
Inventory, net	(51)	(42)
Other assets	(3)	(1)
Accounts payable and accrued liabilities	(77)	(96)
Accrued interest	2	16
Other liabilities	14	14
Net cash provided by (used in) operating activities	229	334
Investing Activities		
Property, plant and equipment expenditures	(152)	(203)
Nuclear fuel expenditures	(78)	(107)
Nuclear decommissioning trust funds investment purchases	(111)	(548)
Nuclear decommissioning trust funds investment sale proceeds	83	574
Insurance proceeds	1	12
Other investing activities	12	3
Net cash provided by (used in) investing activities	(245)	(269)
Financing Activities		
Long-term debt issuance proceeds	1,715	448
Repayments of senior unsecured notes	(651)	(488)
Talen TLBs principal payments	(1,078)	(13)
Net increase (decrease) in inventory repurchase obligations	150	—
Net increase (decrease) in revolving credit facilities	(95)	125
NGG TLC principal payments	(8)	—
LMBE-MC project debt principal payments	(37)	—
Deferred finance costs	(40)	(11)
Other	2	5
Net cash provided by (used in) financing activities	(42)	66
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	(58)	131
Beginning of period cash and cash equivalents and restricted cash and cash equivalents	241	110
End of period cash and cash equivalents and restricted cash and cash equivalents	\$ 183	\$ 241