

AmerGen Energy Company, LLC
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An Exelon/British Energy Company

10 CFR 50.71(b)

May 9, 2001
5928-01-20133
2130-01-20099

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555-0001

SUBJECT: THREE MILE ISLAND, UNIT 1 (TMI UNIT 1)
OPERATING LICENSE NO. DPR-50
DOCKET NO. 50-289

CLINTON POWER STATION (CPS)
OPERATING LICENSE NO. NPF-62
DOCKET NO. 50-461

OYSTER CREEK GENERATING STATION (Oyster Creek)
OPERATING LICENSE NO. DPR-16
DOCKET NO. 50-219


AMERGEN ENERGY COMPANY, LLC (AmerGen)
ANNUAL FINANCIAL STATEMENTS

Dear Sir/Madam:

Attached is the 2000 Annual Financial Report for AmerGen Energy Company, LLC, operator of Three Mile Island, Unit 1 (TMI Unit 1), Clinton Power Station (CPS), and Oyster Creek Generating Station (Oyster Creek). This Annual Report contains the annual financial statements for 2000. This information is being submitted in accordance with the requirements of 10 CFR 50.71(b) and 10 CFR 50.4.

If you have any questions or require additional information, please do not hesitate to contact us.

Very truly yours,


James A. Hutton
Director - Licensing
Mid-Atlantic Regional Operating Group

Enclosure: AmerGen Energy Company, LLC Financial Statements - December 31, 2000

MOD4

2000 Annual Financial Statements

May 9, 2001

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cc:	H. J. Miller, Administration, Region I, USNRC	w/Enclosure
	J. E. Dyer, Administration, Region III, USNRC	"
	J. D. Orr, USNRC Senior Resident Inspector, TMI Unit 1	w/o Enclosure
	L. A. Dudes, USNRC Senior Resident Inspector, Oyster Creek	"
	H. N. Pastis, USNRC Senior Project Manager, Oyster Creek	"
	J. B. Hopkins, USNRC Senior Project Manager, CPS	"
	T. G. Colburn, USNRC Senior Project Manager, TMI Unit 1	"
	F. Nizidlek, Illinois Department of Nuclear Safety	"
	S. J. Collins, Office of Nuclear Reactor Regulation, USNRC, CPS	"
	File No. 99012 (TMI Unit 1)	"
	File No. 99012 (Oyster Creek)	"

AmerGen Energy Company LLC

**Financial Statements
December 31, 2000**

AmerGen Energy Company, LLC

200 Exelon Way
Kennett Square, Pennsylvania 19348

Management Committee

Oliver D. Kingsley, Jr., Chairman

Norman Callaghan

David Gilchrist

Dr. Robin E. Jeffrey

Charles P. Lewis

John L. Skolds

Dickenson M. Smith Vice Chair (non-voting)

Officers

Chief Nuclear Officer	Oliver D. Kingsley, Jr.
CEO.....	John L. Skolds
President.....	Dr. Robin E. Jeffrey
Senior Vice President.....	Chris Crane
Senior Vice President.....	Joseph J. Hagan
Vice President	Jack McElwain
Vice President	Drew B. Feters
Vice President	Charles P. Lewis
Vice President	Paul E. Haviland
Vice President	Norman Callaghan
Treasurer	J. Barry Mitchell
Assistant Treasurer.....	George R. Shicora
Secretary	Edward J. Cullen, Jr.
Assistant Secretary.....	Todd D. Cutler

AmerGen Energy Company, LLC
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December 31, 2000

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Report of Independent Accountants

To the Members of
AmerGen Energy Company, LLC

In our opinion, the accompanying balance sheet and the related statements of income and retained earnings (deficit), and of cash flows present fairly, in all material respects, the financial position of AmerGen Energy Company, LLC (the "Company") at December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.


March 23, 2001

AmerGen Energy Company, LLC
Balance Sheet
As of December 31, 2000
(Dollars in thousands)

Assets	
Current Assets	
Cash and cash equivalents	\$ 14,660
Accounts receivable	41,707
Notes receivable - net	17,200
Materials and supplies	13,805
Prepaid expenses	10,456
Total current assets	97,828
Fixed Assets	
Property, plant and equipment - net of accumulated depreciation of \$1,292	35,536
Construction work in progress	91,370
Nuclear fuel - net of accumulated amortization of \$27,083	95,502
Total fixed assets	222,408
Other Long Term Assets	
Decommissioning funds	978,392
Goodwill - net of amortization of \$554	24,666
Total assets	<u>\$1,323,294</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 70,587
Current portion of long-term notes	25,505
Due to affiliates	20,286
Other	51,659
Total current liabilities	168,037
Non-Current Liabilities	
Decommissioning obligations	885,466
Excess of acquired net assets over cost - net of amortization of \$5,486	58,905
Long-term notes - net of current portion	48,313
Pension obligations	22,000
Other post-retirement benefit obligations	54,520
Total non-current liabilities	<u>1,069,204</u>
Total liabilities	1,237,241
Members' Equity	
Member's capital - Exelon Generation	40,110
Member's capital - British Energy	40,110
Unrealized gains on decommissioning funds	7,580
Retained earnings (deficit)	(1,747)
Total capitalization	<u>86,053</u>
Total liabilities and capitalization	<u>\$1,323,294</u>

The accompanying notes are an integral part of these financial statements.

AmerGen Energy Company, LLC
Statement of Income and Retained Earnings (Deficit)
For the Year Ended December 31, 2000
(Dollars in thousands)

Operating revenue	<u>\$ 450,332</u>
Operating expense	
Fuel	40,997
Operating and maintenance	361,626
Employee severance and termination costs	18,540
Depreciation and amortization	(3,488)
Taxes other than income taxes	<u>23,408</u>
Total operating expense	<u>441,083</u>
Operating income	<u>9,249</u>
Interest expense	(4,028)
Other income and expense, net	<u>(10,687)</u>
Net loss	(5,466)
Retained earnings, beginning of year	<u>3,719</u>
Retained earnings (deficit), end of year	<u>\$ (1,747)</u>

The accompanying notes are an integral part of these financial statements.

AmerGen Energy Company, LLC
Statement of Cash Flows
For the Year Ended December 31, 2000
(Dollars in thousands)

Cash flows from operating activities:	
Net loss	\$ (5,466)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Amortization of nuclear fuel	26,374
Decommissioning expense	25,958
Pension expense in excess of contributions	22,000
Earnings on decommissioning trust funds	(16,021)
Postretirement benefits expense	10,010
Amortization of goodwill	(4,876)
Amortization of discount/premium	4,028
Write-off of generating station acquisition costs	3,099
Depreciation expense	1,388
Other	(6,333)
Changes in assets and liabilities net of effects from plant acquisitions:	
Accounts receivable	(23,064)
Receivables from affiliate	10,382
Materials and supplies	(12,851)
Other current assets	(2,417)
Accounts payable	38,521
Other current liabilities	31,334
Due to affiliates	20,286
Net cash from operating activities	<u>122,352</u>
Cash flows from investing activities:	
Acquisition of nuclear generating station	(13,764)
Investment in property, plant and equipment	(98,375)
Investment in nuclear fuel	(26,653)
Payment received on note receivable	4,931
Investment in decommissioning trust fund	<u>(4,931)</u>
Net cash used in investing activities	<u>(138,792)</u>
Cash flows from financing activities	
Payment on long-term debt	<u>(15,644)</u>
Net cash used in financing activities	<u>(15,644)</u>
Net decrease in cash	(32,084)
Cash and cash equivalents at beginning of year	<u>46,744</u>
Cash and cash equivalents at end of year	<u>\$ 14,660</u>

The accompanying notes are an integral part of these financial statements.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

1. Significant Accounting Policies

Description of Business

PECO Energy Company, Inc. (PECO), a wholly-owned subsidiary of Exelon Corporation and British Energy, Inc. (BE), a wholly-owned subsidiary of British Energy, PLC, formed AmerGen Energy Company, LLC (AmerGen or the Company) to pursue opportunities to acquire and operate nuclear power generating stations in the United States. At December 31, 2000, PECO and BE each own a 50% equity interest in AmerGen. In January 2001, PECO assigned its interest in AmerGen to an affiliate, Exelon Generation, LLC. AmerGen currently owns and operates the Clinton Nuclear Power Station (CNPS) in Clinton, Illinois, Three Mile Island Unit No. 1 (TMI) located in Middletown, Pennsylvania and the Oyster Creek (OC) Nuclear Generating Station located in Forked River, New Jersey.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenues

Electricity generated by the Company is sold at wholesale under Purchase Power Agreements. Wholesale electric revenues are recorded as the energy is delivered to customers.

Nuclear Fuel

The cost of nuclear fuel is capitalized and charged to fuel expense on the units of production method. Estimated costs of nuclear fuel disposal are charged to fuel expense as the fuel is consumed.

Depreciation and Amortization

Depreciation is provided over the estimated service lives of the property, plant and equipment on a straight line basis. Nuclear power stations operate under a license granted by the Nuclear Regulatory Commission (NRC) for a fixed period of time. Plant service lives may be limited by the expiration of the license. Annual depreciation provisions for financial reporting purposes for each asset category are presented in the table below:

Asset Category	CNPS	TMI	OC
Generation and common plant	26 years	13 years	9 years
Other property and equipment	10 years	10 years	9 years

The Company amortizes goodwill and the excess of acquired net assets over cost on a straight-line basis. These amounts, associated with the acquisitions of the CNPS, TMI and OC are being amortized over approximately 26 years, 13 years and 9 years, respectively.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

Income Taxes

A provision for income taxes is not included in the accompanying financial statements as AmerGen is treated as a partnership for federal and state income tax purposes. Earnings or losses of AmerGen are allocated to the equity members for inclusion in each of the members separate tax returns.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. The cost of maintenance, repairs and minor replacements of property are charged to maintenance expense as incurred. AmerGen evaluates the carrying value of property, plant and equipment and other long-term assets based upon current and anticipated undiscounted cash flows, and would recognize an impairment when it is probable that such estimated cash flows will be less than the carrying value of the asset. Measurement of the amount of impairment, if any, is based upon the difference between the carrying value and the fair market value.

Cash and Cash Equivalents

AmerGen considers all temporary cash investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Materials and supplies inventories are carried at the lower of average cost or market.

New Accounting Pronouncements

In June, 1998 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivatives and Hedging Activities," to establish accounting and reporting standards for derivatives. The new standard requires recognizing all derivatives as either assets or liabilities on the balance sheet at their fair value and specifies the accounting for changes in fair value depending upon the intended use of the derivative. In June, 1999 the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133," which delayed the effective date for SFAS No. 133 until fiscal years beginning after June 15, 2000. The Company expects to adopt SFAS No. 133 in the first quarter of 2001. The Company's adoption of SFAS No. 133 will not impact its financial statements.

2. Customers

For the year ended December 31, 2000 two customers, Illinois Power Company (IP) and GPU Nuclear, Inc. (GPU), accounted for approximately 92% of revenues. AmerGen entered into purchase power agreements with IP expiring December 31, 2004 and with GPU expiring December 31, 2001 for TMI and March 31, 2003 for OC. Upon termination of the purchase power agreements, all output will be available via the Exelon Power Team for wholesale marketing.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

3. Commitments and Contingencies

Capital Commitments

AmerGen estimates that it will spend approximately \$174 million on capital expenditures in 2001 for its existing facilities. These expenditures do not include amounts related to the Company's strategy to expand its generation portfolio.

Nuclear Insurance

The Price-Anderson Act limits the liability of nuclear reactor owners to \$9.5 billion for claims that could arise from a single incident. The limit is subject to change to account for the effects of inflation and changes in the number of licensed reactors. AmerGen carries the maximum available commercial insurance of \$200 million and the remaining \$9.3 billion is provided through mandatory participation in a financial protection pool. Under the Price-Anderson Act, all nuclear reactor licensees can be assessed up to \$89 million per reactor per incident, payable at no more than \$10 million per reactor per incident per year. This assessment is subject to inflation and state premium taxes. If required, Exelon and BE have guaranteed payment of this assessment. In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay claims.

AmerGen carries property damage, decontamination and premature decommissioning insurance in the amount of its \$2.75 billion proportionate share for each station loss resulting from damage to its nuclear plants. In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. If a decision is made to decommission a facility, a portion of the insurance proceeds will be allocated to a fund which AmerGen is required by the NRC to maintain to provide for decommissioning the facility. AmerGen is unable to predict the timing of the availability of insurance proceeds or the amount of such proceeds which would be available. Under the terms of the various insurance agreements, AmerGen could be assessed up to \$22 million for losses incurred at any plant insured by the insurance companies. The Company is self-insured to the extent that any losses may exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's financial condition and results of operations.

AmerGen is a member of an industry mutual insurance company which provides replacement power cost insurance in the event of a major accidental outage at a nuclear station. The premium for this coverage is subject to assessment for adverse loss experience. AmerGen's maximum share of any assessment is \$7 million per year.

Nuclear Decommissioning

The Company's current estimate of its total future nuclear decommissioning costs is \$3.5 billion and considers future increases in cost due to inflation. An estimate of the fair value of the decommissioning obligation of approximately \$860 million was recorded as a liability on the Company's balance sheet at the dates of the TMI, CNPS, and OC acquisitions. The liability has then been escalated at 4% per year, resulting in the estimated fair value of decommissioning of \$885 million at year end. As of December 31, 2000, AmerGen held \$978 million in trust to fund its decommissioning liability. This amount has been reflected as a long-term asset in the Company's balance sheet. The decommissioning fund asset includes both realized and unrealized gains. Net

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

unrealized gains are recognized as a component of shareholder equity. Net realized gains are recognized in the Company's results of operations.

At December 31, 2000, the assets of the decommissioning funds were invested 32.5% in equity securities, 55.7% in fixed interest obligations, 7.2% in collective trust funds, and the balance in other short-term interest bearing accounts.

Spent Fuel Storage

Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy (DOE) is required to take possession of all spent nuclear fuel generated by AmerGen's nuclear units for long-term storage. AmerGen pays DOE one mill (\$.001) per kilowatt-hour of net nuclear generation for the cost of nuclear fuel long-term storage and disposal. This fee may be adjusted prospectively to ensure full cost recovery.

Pennsylvania Real Estate Tax Appeals

AmerGen is involved in an appeal of its property tax assessment by the County of Dauphin, Pennsylvania associated with TMI. The Company has estimated the liability to be \$1.8 million which has been accrued for as of December 31, 2000. The Company does not believe the outcome of this matter will have a material adverse effect on AmerGen's results of operations.

General

AmerGen is involved in various other litigation matters. The ultimate outcome of such matters, while uncertain, is not expected to have a material adverse effect on the Company's financial condition or results of operations.

TMI Contingent Price Adjustment

In connection with the purchase of TMI, the Company entered into an agreement that provides for certain contingent payments, beginning in calendar 2002 and ending in 2010, based on a price adjustment calculation detailed in the agreement. Due to the fact that the calculation is based on future events an estimate of the contingent obligation, if any, cannot be reasonably estimated.

4. Notes Receivable

During 1999, in connection with the acquisition of the CNPS, AmerGen received from Illinois Power Company a note to be paid in five annual installments of \$5 million. The final payment is due no later than December 31, 2004. The note has been recorded at its net present value based on an imputed interest rate of 6.2%.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

5. Goodwill

The amount of goodwill or the excess of acquired net assets over cost ("negative goodwill") was as follows as of December 31, 2000:

	CNPS	TMI	OC	Total
Date acquired	December 1999	December 1999	August 2000	
Current license expiration	2025	2013	2009	
Goodwill	\$ 25,220			\$ 25,220
Negative goodwill		\$ (5,782)	\$ (58,609)	(64,391)
Accumulated amortization	<u>(554)</u>	<u>2,150</u>	<u>3,336</u>	<u>4,932</u>
Net	<u>\$ 24,666</u>	<u>\$ (3,632)</u>	<u>\$ (55,273)</u>	<u>\$ (34,239)</u>

The FASB has added a project to their agenda that would prospectively affect the accounting for goodwill. Under the current exposure draft pre-existing goodwill would no longer be amortized but rather be subject to an impairment test. Accounting for negative goodwill is less certain but may be accounted for as an extraordinary item upon implementation of a final standard.

6. Long-term Debt

During 1999, in connection with the acquisition of TMI, AmerGen entered into a debt agreement with GPU Nuclear, Inc., Jersey Central Power & Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company. The debt is to be paid in five annual installments of \$15.6 million. The final payment is due December 20, 2004. The note has been recorded at its net present value based on an imputed interest rate of 6.2%.

During 2000, in connection with the acquisition of OC, AmerGen entered into a debt agreement with GPU Nuclear, Inc., the former owners of OC. Per the asset purchase agreement GPU funded AmerGen's outage expenditures up to \$88.7 million for the 2000 refueling outage. The debt is to be repaid in nine annual installments with the final payment due no later than August 8, 2009. As of December 31, 2000 the entire \$88.7 million is due GPU and has been recorded at its net present value based on an imputed rate of 6.33%.

Maturities of long-term debt are:

2001	\$ 25,505
2002	25,505
2003	25,505
2004	25,505
2005	9,861

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

7. Leases

Minimum future payment under non-cancelable operating leases as of December 31, 2000 were as follows:

For Years Ended December 31,	
2001	\$ 745
2002	630
2003	536
2004	414
2005	281
Thereafter	<u>191</u>
	<u>\$ 2,797</u>

Rental expense under operating leases was approximately \$904 in 2000. The Company has not entered into any lease that would be classified as a capital lease.

8. Taxes Other Than Income

The following is an analysis of tax expense for the year ended December 31, 2000:

Real estate	\$ 11,182
Capital stock	326
Payroll	10,546
Use tax	1,255
Other	<u>99</u>
Total	<u>\$ 23,408</u>

9. Pension and Other Postretirement Benefits

Effective January 1, 2000, the Company began defined benefit pension and postretirement benefit plans. The plans are applicable to all employees with at least one year of service.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

The following table sets forth the plans' benefit obligations, fair value of plan assets, funded status and costs at December 31, 2000.

	Pension Benefits	Postretirement Benefits
Benefit obligation	\$ (24,423)	\$ (60,988)
Fair value of plan assets	<u>827</u>	<u>-</u>
Funded status	(23,596)	(60,968)
Unrecognized net actuarial (gain) loss	1,113	6,468
Unrecognized prior service cost	<u>483</u>	<u>-</u>
Prepaid (accrued) benefit cost recognized in the balance sheet	<u>\$ (22,000)</u>	<u>\$ (54,520)</u>
Benefit cost	\$ 22,000	\$ 54,520
Employer contribution	1,040	-
Plan participants' contributions	-	-
Benefits paid	210	-

For measurement purposes, a 7% annual rate of increase in the per capital cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease to 5% for 2005 and remain at that level thereafter.

	Pension Benefits	Postretirement Benefits
Weighted average assumptions at December 31, 2000		
Discount rate	7.6%	7.6%
Expected return on plan assets	9.5%	N/A
Rate of compensation increase	5.0%	5.0%

Amendments during the year to the Company's plans increased the pension benefit obligation by \$.5 million and the other postretirement benefit obligation by \$44.5 million. Special termination benefits for early retirement packages increased the pension benefit obligation by \$14.7 million and the other postretirement benefit obligation by \$3.8 million.

10. Supplemental Cash Flow Information

As discussed in Note 1, AmerGen files a partnership return for federal and state income taxes. Taxes are paid by its equity members, and as such no income taxes were paid by AmerGen.

No interest was paid during the year.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

Noncash, investing and financing activities for the year ended December 31, 2000 related to the acquisition of nuclear plants were:

Pension and OPEB obligations	\$44,510
Vacation pay obligation	6,810
Other	347

11. Affiliated Company Transactions

AmerGen has entered into an agreement with PECO to provide certain management, operating, business and other professional services related to the operation of its nuclear facilities. During 2000, AmerGen incurred \$32.4 million in costs for services provided in connection with this agreement.

British Energy provides employees to AmerGen to manage and operate certain aspects of the Company's nuclear operations. During 2000, AmerGen incurred \$2.1 million in costs for these employees as well as for other administrative services.

AmerGen also provides certain operating services to PECO plants. During 2000, AmerGen provided services of approximately \$1.1 million to PECO.

12. Acquisitions

In December 1999, AmerGen purchased CNPS and TMI for \$13.4 million and \$7.7 million of cash, respectively. In August 2000 AmerGen purchased OC for \$13.8 million of cash. The acquisitions were accounted for using the purchase method of accounting using the fair value of assets acquired and liabilities assumed.

After unproductive settlement discussions among the parties in the New York Public Service Commission's (NYPSC) proceedings on the sale of Nine Mile Point Units 1 and 2 from Niagara Mohawk Power Corporation and New York State Electric and Gas ("the Sellers"), AmerGen and the Sellers received permission from the NYPSC to withdraw its petition to approve the sale of the plant on April 25, 2000. On May 11, 2000, following withdrawal of this petition, AmerGen and the Sellers terminated the Asset Purchase Agreement and all ancillary agreements. On December 12, 2000, the Sellers, along with Central Hudson Gas & Electric, announced the sale of their interest in Nine Mile Point Units 1 and 2 to Constellation Nuclear Company.

During 2000, AmerGen, Vermont Yankee Nuclear Power Corporation ("VYNPC") and the sponsors of VYNPC continued to pursue regulatory approval for the sale of Vermont Yankee from VYNPC to AmerGen Vermont LLC. However, after the emergence of other potential bidders for the asset and direction from the Vermont Public Service Board ("PSB") that they would consider other bids in their determination as to whether or not to approve the AmerGen proposal, AmerGen believed it unlikely that the acquisition could be completed.

AmerGen Energy Company, LLC
Notes to Financial Statements
December 31, 2000
(Dollars in thousands)

On February 14, 2001, the PSB dismissed the petition to approve the sale. This approval was a condition precedent to closing for both AmerGen and VYNPC. On March 15, 2001, AmerGen received notification that VYNPC has terminated the Asset Purchase and Ancillary Agreements in accordance with their terms and because of the PSB order. VYNPC has announced their intention to seek bids for the acquisition of Vermont Yankee in 2001. AmerGen may or may not continue to pursue this acquisition in whatever competitive bidding process is to be announced.

13. Comprehensive Income

	Retained Earnings	Accumulated Other Comprehensive Income	Comprehensive Income
Beginning balance	\$ 3,719	\$ -	\$ -
Net income	(5,466)	-	(5,466)
Unrealized gains on securities	<u>-</u>	<u>7,580</u>	<u>7,580</u>
Ending balance	<u>\$ (1,747)</u>	<u>\$ 7,580</u>	<u>\$ 2,114</u>

In accordance with SFAS 130, unrealized gains and losses in the market value of decommissioning trust funds are reflected as other comprehensive income, a component of stockholders' equity.