



Constellation Energy®

Nine Mile Point Nuclear Station

P.O. Box 63
Lycoming, NY 13093

August 14, 2007

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

ATTENTION: Director, Office of Nuclear Reactor Regulation

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), attached are:

1. A copy of the consolidated statements of income of Constellation Energy Group (CEG) as of March 31, 2007.
2. A copy of the projected cash flow of CEG for the twelve months ending December 31, 2007.
3. A narrative statement on curtailment/deferment of capital expenditures (if any) to insure 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 Securities and Exchange Commission.

Should you have any questions regarding the information in this submittal, please contact T. F. Syrell, Director Licensing, at (315) 349-5219.

Very truly yours,


For T.F. Syrell

Terry F. Syrell
Director Licensing

TFS/MHS/

- Attachment:
- (1) Consolidated Statement of Income as of March 31, 2007
 - (2) Projected Cash Flow for the Twelve Months Ending December 31, 2007
 - (3) Narrative Statement on Curtailment of Capital Expenditures

Director, Office of Nuclear Reactor Regulation

August 14, 2007

Page 2

cc: S. J. Collins, NRC Regional Administrator, Region I
NRC Senior Resident Inspector
M. J. David, NRR Project Manager (2 copies)

ATTACHMENT (1)

**NINE MILE POINT
CONSOLIDATED STATEMENT OF INCOME
AS OF MARCH 31, 2007**

**Nine Mile Point Nuclear Station, LLC
August 14, 2007**

PART 1—FINANCIAL INFORMATION

Item 1—Financial Statements

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Constellation Energy Group, Inc. and Subsidiaries

	Three Months Ended March 31,	
	2007	2006
	(In millions, except per share amounts)	
Revenues		
Nonregulated revenues	\$ 4,138.2	\$ 3,936.9
Regulated electric revenues	514.8	504.0
Regulated gas revenues	402.5	418.3
Total revenues	5,055.5	4,859.2
Expenses		
Fuel and purchased energy expenses	3,961.1	3,923.1
Operating expenses	568.7	507.7
Workforce reduction costs	—	2.2
Merger-related costs	—	1.9
Depreciation, depletion, and amortization	132.4	130.2
Accretion of asset retirement obligations	17.7	16.5
Taxes other than income taxes	73.2	73.6
Total expenses	4,753.1	4,655.2
Income from Operations	302.4	204.0
Other Income	42.4	14.8
Fixed Charges		
Interest expense	80.3	77.0
Interest capitalized and allowance for borrowed funds used during construction	(3.8)	(2.7)
BGE preference stock dividends	3.3	3.3
Total fixed charges	79.8	77.6
Income from Continuing Operations Before Income Taxes	265.0	141.2
Income Tax Expense	67.7	39.6
Income from Continuing Operations	197.3	101.6
(Loss) income from discontinued operations, net of income taxes of \$0.8 and \$7.1, respectively	(1.6)	12.3
Net Income	\$ 195.7	\$ 113.9
Earnings Applicable to Common Stock	\$ 195.7	\$ 113.9
Average Shares of Common Stock Outstanding—Basic	180.6	178.6
Average Shares of Common Stock Outstanding—Diluted	182.8	180.4
Earnings Per Common Share from Continuing Operations—Basic	\$ 1.09	\$ 0.57
(Loss) income from discontinued operations	(0.01)	0.07
Earnings Per Common Share—Basic	\$ 1.08	\$ 0.64
Earnings Per Common Share from Continuing Operations—Diluted	\$ 1.08	\$ 0.56
(Loss) income from discontinued operations	(0.01)	0.07
Earnings Per Common Share—Diluted	\$ 1.07	\$ 0.63
Dividends Declared Per Common Share	\$ 0.435	\$ 0.3775

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Constellation Energy Group, Inc. and Subsidiaries

	Three Months Ended March 31,	
	2007	2006
	(In millions)	
Net Income	\$ 195.7	\$ 113.9
Other comprehensive income (loss) (OCI)		
Hedging instruments:		
Reclassification of net loss on hedging instruments from OCI to net income, net of taxes	399.4	81.0
Net unrealized gain (loss) on hedging instruments, net of taxes	310.3	(755.0)
Available-for-sale securities:		
Reclassification of net gain on sales of securities from OCI to net income, net of taxes	(0.9)	(0.3)
Net unrealized gain on securities, net of taxes	(19.5)	11.8
Defined benefit obligations:		
Amortization of net actuarial loss, prior service cost, and transition obligation included in net periodic benefit cost, net of taxes	6.3	—
Net unrealized gain on foreign currency, net of taxes	0.3	—
Comprehensive Income (Loss)	\$ 891.6	\$ (548.6)

See Notes to Consolidated Financial Statements.

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

ATTACHMENT (2)

**NINE MILE POINT
PROJECTED CASH FLOW FOR THE 12 MONTHS
ENDING DECEMBER 31, 2007**

**Nine Mile Point Nuclear Station, LLC
August 14, 2007**

ATTACHMENT (2)

PROJECTED CASH FLOW FOR THE 12 MONTHS ENDING DECEMBER 31, 2007

Percentage Ownership in all Operating Nuclear 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

	2006 Actual \$000	2007 Projected \$000
Net Income	936,400	822,001
Less: Dividends Paid	(264,000)	(306,000)
Retained Earnings	672,400	516,001
Adjustments:		
Depreciation and Amortization	545,100	682,971
Deferred income Taxes	128,000	63,576
Investment tax credit	(6,900)	(5,214)
Allowance for funds Used during construction	(3,700)	(7,301)
Total Adjustment	662,500	734,032
Internal Cash Flow	<u>1,334,900</u>	<u>1,250,033</u>
Average Quarterly Cash Flow	<u>333,725</u>	<u>312,508</u>

ATTACHMENT (2)

PROJECTED CASH FLOW FOR THE 12 MONTHS ENDING DECEMBER 31, 2007

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, 2006.

ATTACHMENT (3)

**NINE MILE POINT
NARRATIVE STATEMENT ON
CURTAILMENT OF CAPITAL EXPENDITURES**

**Nine Mile Point Nuclear Station, LLC
August 14, 2007**

ATTACHMENT (3)

NARRATIVE STATEMENT ON CURTAILMENT OF CAPITAL EXPENDITURES

Constellation Energy Group

Curtaiment of Capital Expenditures

Estimated construction expenditures including nuclear fuel and Allowance for Funds Used During Construction for the twelve months ended December 31, 2007 is \$1,854 million. To insure 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.