STATE OF VERMONT
PUBLIC SERVICE BOARD

Investigation into General Order No. 45 Notice filed
by Vermont Yankee Nuclear Power Corporation re:
proposed sale of Vermont Yankee Nuclear Power
Station and related transactions

Docket No. 6545

PROPOSAL FOR DECISION OF ENTERGY NUCLEAR VERMONT YANKEE, LLC
AND ENTERGY NUCLEAR OPERATIONS, INC.

In accordance with the schedule established in this proceeding, Entergy Nuclear Vermont
Yankee, LLC ("ENVY") and Entergy Nuclear Operations, Inc. ("ENO") submit the following
proposed Findings of Fact, Conclusions and proposed Order for consideration by the Board.¹
ENVY and ENO are also submitting simultaneously an initial Brief on the legal issues that
pertain to ENVY and ENO.

(Unless the context indicates otherwise, ENVY and ENO will be referred to jointly as
"ENVY")

I. PROCEDURAL HISTORY

ENVY has joined with Vermont Yankee Nuclear Power Corporation ("VYNPC"), Central
Vermont Public Service ("CVPS") and Green Mountain Power Corporation ("GMP") (together
the "Petitioners") in submitting a Proposal for Decision and accompanying Brief under separate
cover. Included in that submittal is a description of the procedural history of the docket. ENVY
adopts and incorporates by reference the procedural history presented by the Petitioners.

¹ In additional to the findings herein, ENVY has included as Appendix A findings which address
various issues raised by parties during the course of this proceeding. ENVY does not know
whether these issues will be included in the parties' briefs. To the extent that these issues are not
raised, the Board can ignore them.
and IT services which ENVY can obtain from its corporate organization. Keuter rebuttal pfd. at 14.

31. ENVY will be part of a large nuclear company focused on operating nuclear plants; therefore, it has the ability and resources to help prevent problems and react better and faster when problems happen. Keuter rebuttal pfd. at 14; Tr. 4/4/02 at 99-100.

2. Facility Maintenance
   a. Safety

32. Entergy has stated its commitment to safety as the first priority. Entergy and its employees believe that in a deregulated environment, the only plants that will be successful are the ones with the highest safety record and the best regulatory reputation. Entergy has stated its policy that consistently running a safe operation is the only way to deliver reliable service. Kansler pfd. at 15-16; Tr. 2/5/02 at 177 (Kansler).

33. The various Entergy nuclear power plants have had favorable outage performance. All of the plants operated by EOI, ENO and ENGC have shown improvement in reducing the length of their scheduled outages over the last several years. Because the duration of scheduled outages directly impacts a plant’s capacity factor, the capacity factors of the Entergy plants have improved along with the improvement in outage duration. Kansler pfd. at 13-15.

3. Decommissioning Under ENVY Ownership

34. ENVY will complete, at its own expense, the decommissioning of the VY Station once the plant is no longer used to generate power. Decommissioning will be in accordance with all applicable laws and requirements in effect at the time of decommissioning, including those of the NRC, the Environmental Protection Agency, and the State of Vermont. Kansler pfd. at 20.

35. ENVY has committed that decommissioning will include complete site restoration and spent fuel disposal. Kansler pfd. at 27; MOU at ¶ 9.

36. The Entergy organization has substantial experience in managing decommissioning activities, having managed the decommissioning at the Maine Yankee nuclear power plant and the Millstone Unit 1 plant. In addition, Entergy has acquired TLG Services,
which has extensive decommissioning experience and expertise. Kansler pfd. at 20; 2/6/02 Tr. at 23-24 (Kansler). Many individual Entergy employees have experience with decommissioning as well. Tr. 4/4/02 at 74.

37. Entergy officials stated that they do not anticipate that there will be a lengthy delay in the Entergy's decision-making process to fix or close the VY Station in the event of an unforeseen problem at the plant. Faced with an unforeseen problem, Entergy would act quickly to assess the problem and determine whether it makes economic sense to fix it or permanently shut down. Keuter rebuttal pfd. at 10; Tr. 2/5/02 at 187 (Kansler).

38. It is also in Entergy's own economic interest to act quickly. Because its revenue stream depends on keeping the plant running, it simply will not be able to tolerate a lengthy decision-making process before moving toward decommissioning. Keuter rebuttal pfd. at 10; Crane supplemental pfd. at 5-6.

39. In the case of a premature shutdown at a time when the decommissioning fund is not fully funded, ENVY would place the VY Station in SAFESTOR to allow the decommissioning trust fund to increase in value until sufficient funds exist. Such an approach would not expose the State to any unnecessary risk, as the evidence shows that SAFESTOR is a safe alternative to immediate decommissioning. Keuter rebuttal pfd. at 11; Sherman 3/11/02 supplemental pfd. at 25, fn 10.

40. Although SAFESTOR is not Entergy's preferred approach to decommissioning, if the trust fund is not sufficient, placing the plant in SAFESTOR is a safe and reliable alternative. Tr. 2/5/02 at 256 (Kansler).

41. ENVY does not believe that use of SAFESTOR will delay ultimate site restoration at the completion of decommissioning and final fuel removal. ENVY has run several decommissioning scenarios with varying inflation rates and growth rates. (Exhibit ENVY-Keuter-2.) If the VY Station shut down at the end of its current license, ENVY could start immediate decommissioning based on reasonable decommissioning fund growth rates between now and then. If the inflation rates are higher than expected or growth rates lower than expected,
ENVY would go into SAFESTOR until the funds grew. In the latter case, ENVY would most likely start decommissioning activities after all spent fuel was placed in dry cask storage in 2017. In the worst case, ENVY would start decommissioning activities in 2022 and finish in 2031, which corresponds to the earliest that Department of Energy would finish taking the spent fuel. Keuter rebuttal pfd. at 12.

42. In the case of a 2003 shutdown, ENVY would place the plant in SAFESTOR until 2022 and then start decommissioning activities. Decommissioning could still be completed by 2031, coincident to final removal of spent fuel. Keuter rebuttal pfd. at 12.

43. Since ENVY and its affiliates have significant operating and decommissioning experience and expertise, they can conduct decommissioning safer, better and cheaper than a stand-alone organization. The planned decommissioning of VYNPC would more than likely overlap with the decommissioning activities of other, affiliated plants, which would provide additional economies of scale. Keuter rebuttal pfd. at 12-13.

E. Financial Ability of Entergy Corporation to Own and Operate Vermont Yankee Nuclear Power Corporation

1. Financial Resources and Support

44. Entergy Corporation has guaranteed that the $180 million purchase price will be paid to VYNPC at closing. Kansler pfd. at 7. The source of acquisition funds will be Entergy Corporation or an affiliate. Id. at 8.

45. The primary source of financial support for the ongoing operations of ENVY will be revenues under the PPA, but additional financial resources will be available as needed. Kansler pfd. at 9.

46. Upon closing, two credit agreements will be established between ENVY and Entergy affiliates. Taken together, these two agreements provide ENVY with up to $70 million which it can draw on to meet its financial obligations. Kansler pfd. at 9.

47. These two credit agreements will be set up to support the VY Station. ENVY has the ability to call on these funds as needed, and would have "no hesitation to go to the credit line