

STATE OF VERMONT

PUBLIC UTILITY COMMISSION

Joint Petition of NorthStar Decommissioning)
Holdings, LLC, NorthStar Nuclear)
Decommissioning Company, LLC, NorthStar)
Group Services, Inc., LVI Parent Corp.,)
NorthStar Group Holdings, LLC, Entergy)
Nuclear Vermont Investment Company, LLC,)
and Entergy Nuclear Operations, Inc., and any) Docket No. 8880
other necessary affiliated entities to transfer)
ownership of Entergy Nuclear Vermont Yankee,)
LLC, and for certain ancillary approvals,)
pursuant to 30 V.S.A. §§ 107, 231, and 232)
)

**SUMMARY OF SECOND SUPPLEMENTAL PREFILED TESTIMONY OF
SCOTT E. STATE**

Mr. State’s second supplemental prefiled testimony introduces the Memorandum of Understanding amongst and between Entergy Nuclear Vermont Yankee, LLC (“ENVY”), Entergy Nuclear Vermont Investment Company, LLC (“ENVIC”), Entergy Nuclear Operations, Inc. (“ENOI”) (together, “Entergy”), NorthStar Decommissioning Holdings, LLC, NorthStar Group Holdings, LLC, NorthStar Nuclear Decommissioning Company, LLC (“NorthStar NDC”), NorthStar Group Services, Inc., LVI Parent Corp., (together, “NorthStar”), the Vermont Department of Public Service (“DPS”), the Vermont Agency of Natural Resources (“ANR”), the Vermont Attorney General’s Office, Elnu Abenaki Tribe, Abenaki Nation of Missisquoi, Windham Regional Commission, Town of Vernon Planning and Economic Development Commission, and New England Coalition on Nuclear Pollution, Inc. (collectively, “the Parties”).

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SECOND SUPPLEMENTAL PREFILED TESTIMONY OF SCOTT E. STATE

- 1 Q1. Are you the same Scott E. State who submitted opening prefiled testimony on
2 December 16, 2016, supplemental prefiled testimony on March 10, 2017, and
3 rebuttal prefiled testimony on October 17, 2017, in this Docket?
- 4 A1. Yes.
- 5 Q2. Have any parties in this Docket entered into a Memorandum of Understanding?
- 6 A2. Yes. A Memorandum of Understanding (“MOU”) was entered amongst and between
7 Entergy Nuclear Vermont Yankee, LLC (“ENVY”), Entergy Nuclear Vermont
8 Investment Company, LLC (“ENVIC”), Entergy Nuclear Operations, Inc. (“ENOI”)
9 (together, “Entergy”), NorthStar Decommissioning Holdings, LLC, NorthStar Group
10 Holdings, LLC; NorthStar Nuclear Decommissioning Company, LLC (“NorthStar
11 NDC”), NorthStar Group Services, Inc., LVI Parent Corp. (together, “NorthStar”),

1 the Vermont Department of Public Service (“DPS”), the Vermont Agency of Natural
2 Resources (“ANR”), the Vermont Attorney General’s Office, Elnu Abenaki Tribe,
3 Abenaki Nation of Missisquoi, Windham Regional Commission, Town of Vernon
4 Planning and Economic Development Commission, and New England Coalition on
5 Nuclear Pollution, Inc. (collectively, “the Parties”). The MOU was filed by DPS in
6 this Docket on March 2, 2018.

7 **Q3. What does the MOU accomplish from NorthStar’s perspective?**

8 A3. From the outset of this Docket, the key benefit to the State of Vermont from the proposed
9 transaction has been the decommissioning and site restoration of most of the Vermont
10 Yankee site decades before was planned under the status quo of ENVIC’s ownership of
11 ENVY. In the MOU, NorthStar and Entergy have agreed to additional and substantial
12 financial assurances above and beyond those proposed originally, which provide
13 substantial certainty that the project will be adequately funded even if, *inter alia*, costs
14 are higher than currently estimated by NorthStar. The various financial assurances are set
15 forth in paragraphs 2 and 3 of the MOU and depicted in the table below. The MOU also
16 includes the parties’ agreed-upon standards for site restoration, which are set forth in
17 paragraph 5 of the MOU.

“BEFORE” AND “AFTER” COMPARISON OF FINANCIAL ASSURANCES	
<u>Transaction as originally proposed</u>	<u>Transaction with additional financial assurances under MOU</u> <i>(add'l financial assurances bolded and italicized)</i>
NDT + SRT (minimum combined balance of approx. \$538 million at closing)	NDT + SRT (minimum combined balance of approx. \$538 million at closing)
\$10 million in expected litigation proceeds from Round 3 DOE claim	\$10 million in expected litigation proceeds from Round 3 DOE claim
Performance bonds or equivalent performance assurance on major subcontracted work with a value of approximately \$400 million	Performance bonds or equivalent performance assurance on major subcontracted work with a value of approximately \$400 million
\$25 million contingent letter of credit tied to start and/or completion date milestones	\$25 million contingent letter of credit tied to start and/or completion date milestones
Requirement that NorthStar VY not withdraw funds from the NDT for any task in an amount exceeding that specified for that task in version 1.0 of the pay-item disbursement schedule dated September 8, 2016	Requirement that NorthStar VY not withdraw funds from the NDT for any task in an amount exceeding that specified for that task in version 1.0 of the pay-item disbursement schedule dated September 8, 2016
\$125 million parent support agreement from NorthStar Group Services, Inc.	<i>\$140 million parent support agreement from NorthStar Group Services, Inc., plus additional provisions to address DPS concerns about availability of funds under the support agreement¹</i>
	<i>SRT balance brought to \$60 million (\$35 million increase due to ~\$30 million Entergy contribution, plus growth)</i>
	<i>\$30 million Pollution Legal Liability insurance policy</i>
	<i>\$55 million, plus earnings, in escrow account²</i>
	<i>\$40 million potential contribution from expected litigation proceeds from Round 3 DOE claim³</i>
	<i>\$25 million guaranty from Orano USA, LLC⁴</i>
<u>TOTAL: approximately \$1,098,000,000</u>	<u>TOTAL: approximately \$1,298,000,000</u>

¹ The increase in the support agreement from \$125 million to \$140 million predated the negotiation and execution of the MOU, but reflected increased financial assurances above what was initially provided for in the Joint Petition.

² Subject to MOU paragraph 2(c)(ii).

³ Subject to MOU paragraph 3(c) and (d).

⁴ Subject to MOU paragraph 2(d).

1 **Q4. Is there anything else you wish to discuss at this time?**

2 A4. Yes, I would like to make clear that the additional demands of Conservation Law
3 Foundation (which did not sign the MOU) and its proffered expert Michael Hill would
4 constitute material changes to the MOU, and their adoption would cause NorthStar to
5 invoke its right to withdraw from the MOU under paragraph 13 and not to close the
6 proposed transaction. For example, Mr. Hill's proposal (PFT 21:17-22:15; *see also, e.g.*,
7 PFT 20:15-21:1) that NorthStar be required to obtain insurance in amounts higher than,
8 and in forms different from, the various financial assurances required by the MOU would
9 constitute a material change to the MOU.

10 **Q5. Do you have any corrections to make to your previous prefiled testimony?**

11 A5. Yes, I would like to correct two points in my rebuttal testimony: the word "income" at
12 22:15 should be "impact" and the word "be" at 38:17 should be "been."

13 **Q6. Does that complete your second supplemental prefiled testimony?**

14 A6. Yes, at this time.