May 3, 2018

Ms. Judith C. Whitney
Clerk of the Commission
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: PUC Docket No. 8880: 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 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

Dear Ms. Whitney:

The Vermont Department of Public Service (the “Department”) submits this letter, in which the Vermont Agency of Natural Resources and the Vermont Attorney General’s Office joins, to inform the Public Utility Commission (the “Commission”) of a matter brought to the Department’s attention by Joint Petitioners on May 1, 2018, regarding potential tax consequences associated with one of the financial assurance mechanisms established in the Memorandum of Understanding (“MOU”) filed in this docket on March 2, 2018.

In sum, that issue relates to adverse tax consequences that could flow to NorthStar based on its pursuit of the so-called “Round 3” claims against the Department of Energy to recover expenditures related to spent fuel management. As outlined in the MOU, certain of those claims amount to approximately $145 million and are expected to be recovered in 2023. The purchase contract between Joint Petitioners anticipated that the tax issue would be resolved by a Private Letter Ruling from the Internal Revenue Service (“IRS”). The IRS has since informed the Joint Petitioners that it no longer issues Private Letter Rulings in the particular context of their request. Since such a ruling is not available, Joint Petitioners have indicated that they are working toward a commercial resolution of the tax issue. Joint Petitioners have represented that such a new resolution would not change any aspect of the financial assurance package set out in the MOU and would not require any revision to the MOU.

This letter has been filed electronically using ePUC.
The Department appreciates the need for the Commission and the parties to have an adequate opportunity to assess this information and to evaluate any potential implications for the evidentiary hearings set to begin on May 10. Accordingly, the Department respectfully requests that the Commission convene a status conference as soon as is practicable, and that the Commission invite participation via telephone to facilitate scheduling in the very near term.

The Department will promptly file an update regarding any significant developments or if additional information becomes available, and thanks the Commission for its attention to this matter.

This letter has been filed electronically using ePUC.

Best regards,

[Signature]

James Porter
Director for Public Advocacy
Vermont Department of Public Service

cc: Service List