

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 FIFTH SUPPLEMENTAL PREFILED TESTIMONY OF
SCOTT E. STATE**

Mr. State responds to requests made by the Public Utility Commission in its “Order Re: Certain Requests and Confidential Treatment of NorthStar Financial Statements” dated June 11, 2018.

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FIFTH SUPPLEMENTAL PREFILED TESTIMONY OF SCOTT E. STATE

- 1 **Q1. Are you the same Scott E. State who previously submitted prefiled testimony and**
2 **discovery responses in this Docket and who testified at an evidentiary hearing on**
3 **May 11, 2018?**
- 4 A1. Yes.
- 5 **Q2. The Public Utility Commission’s “Order Re: Certain Requests and Confidential**
6 **Treatment of NorthStar Financial Statements” dated June 11, 2018 requests as**
7 **follows at page 2: “The Commission requests that the NorthStar Petitioners**
8 **confirm that no audited or unaudited financial statements exist for JFL-GP Investor**
9 **IV, LLC, JFL-NGS Holdings, LLC, or JFL-NGS Partners, LLC” Please**
10 **respond to this request.**

1 A2. I confirm that no audited or unaudited financial statements exist for JFL-GP Investor IV,
2 LLC, JFL-NGS Holdings, LLC, or JFL-NGS Partners, LLC.

3 **Q3. The same Order further requests at page 2: “The Commission ... requests that the**
4 **NorthStar Petitioners advise the Commission as to whether investors in each of such**
5 **companies have received any financial statements or financial reports related to any**
6 **of these companies.” Please respond to this request.**

7 A3. The investors in each of JFL-GP Investor IV, LLC, JFL-NGS Holdings, LLC, and JFL-
8 NGS Partners, LLC have not received any financial statements or financial reports related
9 to any of these companies.

10 **Q4. The same Order further requests at page 3: “The Joint Petitioners are requested to**
11 **reconcile in the form of supplemental prefiled testimony the statement in the**
12 **footnotes [in attachments to the NRC letter dated May 21, 2018, filed in this Docket**
13 **as Exh. JP-SES-19] regarding the minimum required NDT balance of \$513 million**
14 **with the testimony of Michael Twomey during the evidentiary hearing that under**
15 **the MIPA the combined balance of the NDT and SRT at closing has to be at least**
16 **\$538 million (which could result in an NDT balance at closing of less than \$513**
17 **million).” How do you respond?**

18 A4. The statements are consistent because the statement made in the NRC letter concerned
19 only the NDT, whereas Mr. Twomey’s testimony referencing the \$538 million figure
20 concerned the NDT combined with the SRT. NorthStar’s deal model (Exh. DPS-DSD-18
21 at “DEAL MODEL” tab) assumes that there is \$25 million in the SRT at closing, which
22 is contributed into a sub-account of the NDT. The statement made in the May 21, 2018

1 NRC letter, by contrast, concerned only the NDT amount available for license
2 termination activities subject to the NRC's jurisdiction (without the SRT contribution),
3 and thus it stated the minimum required NDT balance as \$513 million (*i.e.*, \$538 million
4 less \$25 million assumed SRT balance equals \$513 million).¹

5 One point in Mr. Twomey's testimony does, however, require clarification, and Mr.
6 Twomey is contemporaneously filing his own supplemental testimony on this issue to
7 provide such clarification. As Mr. Twomey explains in that supplemental testimony, at
8 the time of his testimony at the evidentiary hearing (Tr. 5/10/18 (Twomey) at 65), he
9 believed that the full amount of the SRT at closing would count toward the \$538 million
10 minimum required balance. In fact, only the amount of the SRT *prior to an Entergy*
11 *company's contribution of a new amount to bring the SRT balance to \$60 million* will
12 count toward the \$538 million minimum required balance. *See* Initial Brief of Joint
13 Petitioners Joined by Intervenor Elnu Abenaki Tribe (filed June 11, 2018), at 9; Proposal
14 for Decision of Joint Petitioners Joined by Intervenor Elnu Abenaki Tribe (filed June 11,
15 2018), at ¶ 93 (page 26).

16 Accordingly, in the hypothetical that Mr. Twomey addressed in his hearing testimony,
17 \$478 million in the NDT would not suffice to meet the minimum balance of \$538 million
18 required by the MIPA. Instead, assuming that there were \$25 million in the SRT prior to

¹ Both the \$538 million and \$513 million numbers include a tax liability on unrealized gains in the NDT that was assumed in NorthStar's deal model to be approximately \$25.5 million. The actual tax liability will be determined near the time of closing (*see* MIPA § 6.8, Exh. JP-SES—Supp-1, at pp. 82-86 of the pdf file) and will likely differ from that assumed amount, such that the minimum NDT balance required by MIPA will not be exactly \$538 million (with the SRT) or \$513 million (excluding the SRT).

1 Entergy's additional contribution pursuant to the Docket 8880 MOU (in fact there is
2 more likely to be \$30 million or more), then there would need to be \$513 million in the
3 NDT to meet the minimum balance of \$538 million required by the MIPA.

4 **Q5. Does that conclude your testimony?**

5 A5. Yes, at this time.