

VERMONT PUBLIC SERVICE BOARD FINDS ENTERGY QUALIFIED TO OWN AND OPERATE VERMONT YANKEE; APPROVES SALE AND ASSOCIATED CONTRACTS

Montpelier, Vermont — June 13, 2002

The Vermont Public Service Board today approved, with conditions, the sale of the Vermont Yankee Nuclear Power Station ("Vermont Yankee") to Entergy Nuclear Vermont Yankee, LLC, along with the associated commitment by the current owners to purchase power from Vermont Yankee for the remaining term of its license (*i.e.*, through 2012). Michael Dworkin, Chairman of the Public Service Board said that:

First and foremost, we found that Entergy Nuclear Vermont Yankee and its affiliates have the capability to operate Vermont Yankee as well as, or better than, its current owners and we expect them to do so;

Second, we found that under most reasonably foreseeable scenarios, the transactions are highly likely to produce an economic benefit for Vermont ratepayers.

Sixteen months ago, the Board rejected a request to sell Vermont Yankee to AmerGen Energy Company, LLC. The Board concluded that that proposal could not "as a matter of law, be found to promote the general good." In the Order issued today, the Board applied that same standard and substantially approved a much improved proposal to sell Vermont Yankee, this time to Entergy Nuclear Vermont Yankee.

The Board recognized that the safe operation of Vermont Yankee is a critical concern for residents of Vermont. The Board concluded that Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations (in conjunction with their parent, Entergy Corporation) have expertise in the ownership and safe operation of nuclear facilities and the ability to access greater resources than the present owners. These capabilities mean that Vermont Yankee should be operated in at least as safe and reliable a manner as by the current owners.

The major components of the transaction are the sale of Vermont Yankee for approximately \$180 million, coupled with a commitment by the current owners of Vermont Yankee to purchase its power through 2012. Green Mountain Power Corporation and Central Vermont Public Service Corporation will continue to buy power from Vermont Yankee following the sale, but they will pay less for that power than under their current commitments. Therefore, the sale will reduce the electric rates for most Vermonters over the next ten years below the levels they would face if the Board did not approve the sale.

The sale also will transfer to Entergy Nuclear Vermont Yankee significant financial risks associated with continued ownership of Vermont Yankee. If the costs of operation increase (due to equipment failures, increased security requirements or other reasons), Entergy Nuclear Vermont Yankee will bear the additional expenses; Vermont ratepayers will be shielded. Similarly, if any additional funds are needed to ensure decommissioning upon shutdown, those costs will not be passed on to Vermont consumers. In addition, the proposed purchase power contract substantially improves upon Vermont's current high level of fixed-price commitments by ensuring that the Vermont utilities will benefit if market prices drop after 2005, while shielding them from wholesale price increases between 2002 and 2012.

The sale also provides significantly greater economic benefits to Vermont ratepayers than would the immediate

closure of Vermont Yankee. Under a broad range of scenarios, an immediate shutdown of Vermont Yankee would increase costs, yet would still leave radioactive spent fuel on-site, perhaps for decades. Indeed, after Vermont Yankee's prices become indexed to wholesale market prices in 2005, Entergy, unlike the current owners, will face a healthy test of the economic value of running the plant. Additionally, and importantly, even with all imminently feasible use of renewable resources, an early shut-down of Vermont Yankee would require far greater reliance on power plants fired by fossil fuels, with significant air pollutants affecting human health and contributing to climate change.

In approving the transactions, the Board largely accepted the terms of a settlement reached between the Department of Public Service, Entergy and the current owners. However, the Board found that the proposed transactions and the settlement agreement would further the general good only with several conditions from, and beyond, the settlement agreement, including:

- Requiring that any money remaining in the decommissioning fund following completion of decommissioning be returned to consumers;
- Declining to grant the Vermont utilities' request (which the Board characterized as "extraordinary") to guarantee rate recovery, by waiving long-standing ratemaking doctrines that protect ratepayers;
- Recognizing that Vermont Yankee's present owners *may* receive additional *future* funds money (beyond the sale price) as a result of the sale and requiring Green Mountain and Central Vermont to submit plans for using their share of those funds to benefit ratepayers. Because of the importance of renewable resources in Vermont's energy future, the Board directed that the utilities' plan consider the application of a significant portion of those benefits, if received, towards the development and use of renewable resources for Vermont;
- Significant financial guarantees and corporate commitments from Entergy's parent corporation, ensuring the reliability of its subsidiaries' commitments;
- Requiring Central Vermont and Green Mountain to file a report next April indicating whether their retail rates can then be reduced; and
- Prohibiting Entergy from operating Vermont Yankee after 2012 without prior approval by Vermont's Public Service Board.

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