

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7481

Petition of Entergy Nuclear Vermont Yankee, LLC,)
for a Certificate of Consent, pursuant to 30 V.S.A.)
§§ 109 and 232, to sell the Vermont Yankee Nuclear)
Power Station's switchyard facility to Vermont)
Transco, LLC)

Order entered: 12/18/2008

I. INTRODUCTION

On October 13, 2008, Entergy Nuclear Vermont Yankee, LLC ("ENVY") filed a petition (the "Petition") with the Vermont Public Service Board ("Board") for a Certificate of Consent pursuant to 30 V.S.A. §§ 109 and 232 to sell its switchyard facility ("Switchyard") located at the Vermont Yankee Nuclear Power Station in Vernon, Vermont (the "VY Station"), to Vermont Transco, LLC ("Transco"). ENVY and Transco have reached a preliminary agreement for the sale of the Switchyard and the lease of certain land related thereto as evidenced by a Term Sheet dated September 24, 2008 (the "Transaction"). Under the terms of the Transaction, the purchase price is to be equal to the net book value of the Switchyard which is currently estimated at \$8,455,155.00. The basic rent from Transco for the underlying real estate is to be a one-time payment of \$500,000.00. The Petition was supported by accompanying exhibits.

On November 12, 2008, the Department of Public Service ("DPS") submitted a letter to the Board stating that it was unable to recommend the issuance of a consent order because it had outstanding questions relating to the Transaction and that it was working with ENVY to obtain additional information. In a follow-up letter to the Board dated December 4, 2008, the DPS stated that it received the additional information and recommends approval of the requested Certificate of Consent without further investigation or hearing.

The parties have waived the opportunity for review of the Proposal for Decision, briefing, and oral argument, in accordance with 3 V.S.A. § 811.

I have reviewed the Petition and the supporting documents. I conclude that approval of ENVY's Petition pursuant to 30 V.S.A. §§ 109 and 232 is appropriate and that such approval may occur without hearing. Based upon the evidence of record and the exhibits presented in this docket, and the DPS letter of December 4, 2008, I hereby report the following findings and conclusion to the Board in accordance with 30 V.S.A. § 8.

II. FINDINGS

1. ENVY is a limited liability company and holds a Certificate of Public Good (issued in Vermont Public Service Board Docket No. 6545) to own and operate the Vermont Yankee Nuclear Power Station in Vernon, Vermont. Petition at 1.

2. The Switchyard constitutes less than 10% of ENVY's property located in Vermont that is used for public service operations. Petition at 1.

3. ENVY has reached an agreement with Transco, in accordance with the terms and conditions of a Term Sheet dated September 24, 2008, to sell the Switchyard and lease certain land related thereto to Transco. The purchase price is to be equal to the net book value of the Switchyard which is currently estimated to be \$8,455,155.00. The basic rent payment for the lease of the underlying real estate will be a one-time payment by Transco of \$500,000.00 and for a proposed term of 99 years. Petition at 1; exh. A at 2.

4. The assets to be transferred to Transco include the electrical transmission facilities, circuit breakers, capacitor banks, transformer, relay houses, communications equipment, and associated equipment and assets located at the Switchyard.¹ Exh. A at 1.

5. The proposed lease of the underlying real estate will include, in addition to the Switchyard, an adjacent 20-acre parcel of land located to the north of the existing substations to be developed by Transco as a replacement substation. Once the replacement substation is completed, the existing Switchyard is to be dismantled. Under the proposed terms of the Transaction, the replacement substation must be built and operational within five years of the

1. The Petition includes a complete listing of the major switchyard components to be sold, designated at Exhibit B.

sale of the Switchyard or the 20-acre parcel reverts back to ENVY and is no longer governed by the terms of the lease. In the event that Transco returns the 20-acre parcel to ENVY, ENVY will refund to Transco a portion of the one-time lease payment according to the following schedule: \$400,000 within one year of the transfer date; \$300,000 between one and two years of the transfer date; \$200,000 between two and three years of the transfer date; \$100,000 between three and four years of the transfer date; and \$0 for four years or longer. Exh. A at 2.

6. Under the terms of the proposed Transaction, Transco will enter into an Interconnection Agreement with ENVY with respect to the Switchyard facilities once the sale and transfer of the assets is completed. Exh. A at 6.

7. The issuance of a Certificate of Consent to ENVY will be consistent with the general good of the state. Petition at 2.

III. DISCUSSION & CONCLUSION

Based upon the foregoing and the evidence in the record, I find that ENVY's Petition as described above will be consistent with the general good of the State. I therefore recommend that the Board approve the Petition and authorize the issuance of a Certificate of Consent without hearing.

The parties have waived their rights to file exceptions and present arguments under 3 V.S.A. § 811. Therefore, the proposal for decision has not been served on the parties.

Dated at Montpelier, Vermont this 17th day of December, 2008.

s/Jay E. Dudley
Jay E. Dudley
Hearing Officer

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusion and recommendation of the Hearing Officer are accepted and adopted.
2. The proposed sale of the switchyard located at the Vermont Yankee Nuclear Power Station in Vernon, Vermont, as set forth in Entergy Nuclear Vermont Yankee, LLC's ("ENVY") Petition in this docket, and as described in the Findings, are consistent with the general good of the State of Vermont.
3. Pursuant to 30 V.S.A. §§ 109 and 232, consent is hereby given to ENVY to sell and transfer its switchyard facilities located in Vernon, Vermont, to Vermont Transco, LLC ("Transco"), according to the proposed terms and conditions as described in the Findings above, and a Certificate of Consent shall be issued in this matter.
4. ENVY shall inform the Vermont Public Service Board ("Board") and the Vermont Department of Public Service ("DPS") of any material change in the terms and conditions of the proposed transaction, if any, prior to closing.
5. ENVY shall provide the Board and the DPS with a complete set of the final purchase and sale documents within 10 days of the closing of the transaction.

Dated at Montpelier, Vermont, this 18th day of December, 2008.

s/James Volz)

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PUBLIC SERVICE

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s/David C. Coen)

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BOARD

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s/John D. Burke)

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OF VERMONT

OFFICE OF THE CLERK

FILED: December 18, 2008

ATTEST: s/Susan M. Hudson

CLERK OF THE BOARD

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.