

RAS-1455

112 STATE STREET
DRAWER 20
MONTPELIER VT 05620-2601
TEL: (802) 828-2811



DOCKETED
USIRC

FAX: (802) 828-2342
TTY (VT): 1-800-734-8390
e-mail: vtdps@psd.state.vt.us
Internet: http://www.state.vt.us/psd

'00 FEB 24 P5:04

STATE OF VERMONT
DEPARTMENT OF PUBLIC SERVICE
ADJUDICATIONS

February 23, 2000

The Secretary of the Commission
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001
ATTN: Rulemakings and Adjudications Staff

Docket No. 50-271 - In the Matter of Vermont Yankee Nuclear Power Corp. and
AmerGen Vermont LLC (Vermont Yankee Nuclear Power Station)

Dear Ser/Madam:

Enclosed for filing is the Vermont Department of Public Service's Petition for
Leave to Intervene and Request for Hearing in the Consideration of Approval of Transfer
of Vermont Yankee Nuclear Power Station Operating License to AmerGen Vermont LLC
and the Affidavit of William K. Sherman and 8 supporting exhibits. Also enclosed for
filing are a notice of appearance and certificate of service.

Sincerely,

James Volz
Director for Public Advocacy

cc: attached service list

Template = SECY-037

SECY-02

DOCKETED
USNRC

'00 FEB 24 P5:03

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Office of the Secretary
ADJUTANT GENERAL

In the Matter of)
)
Vermont Yankee Nuclear Power Corporation)
)
and)
)
AmerGen Vermont LLC)
)
(Vermont Yankee Nuclear Power Station))

Docket No. 50-271

**PETITION FOR LEAVE TO INTERVENE AND REQUEST FOR HEARING
IN THE CONSIDERATION OF APPROVAL OF TRANSFER
OF VERMONT YANKEE NUCLEAR POWER STATION OPERATING LICENSE
TO AMERGEN VERMONT LLC**

The State of Vermont ("Vermont"), as represented by the Vermont Department of Public Service ("Department"), hereby petitions for leave to intervene and requests a hearing by an Atomic Safety and Licensing Board in the above-mentioned matter (Federal Register, February 3, 2000, 5376-7) under 10 CFR 2.1306. Concerning this matter, Vermont Yankee Nuclear Power Corporation and AmerGen Vermont LLC (together, "the Joint Applicants") submitted an Application for Order and Conforming Administrative License Amendments for License Transfer ("the Application") on January 6, 2000. The following contentions are submitted and meet the requirements of 10 CFR 2.1308 and 10 CFR 2.714. In the alternate, should Vermont's contentions not be admitted, and nonetheless a hearing is granted, Vermont requests to participate pursuant to 10 CFR 2.715(c).

A. Introduction

Important issues will be considered in this matter by the Nuclear Regulatory Commission (NRC), including, but not limited to, whether AmerGen Vermont is qualified to hold the requested license, whether there is reasonable assurance that the activities authorized by the proposed license transfer can be conducted without endangering the health and safety of the public, whether decommissioning is funded at appropriate levels, whether sufficient controls exist regarding the management of the decommissioning fund, whether there is financial assurance that Vermont Yankee can be operated safely, and whether there is financial assurance that AmerGen Vermont can meet its obligations in the event of a major nuclear accident at a U.S. nuclear plant.

Vermont is a party in other proceedings associated with the proposed sale of Vermont Yankee to AmerGen Vermont, including proceedings at the Vermont Public Service Board and the Federal Energy Regulatory Commission¹. In these proceedings, Vermont has not yet taken a position regarding whether the proposed transaction should occur. Nor does Vermont take such position with this request. However, Vermont believes important issues set forth below must be considered regarding the license transfer, and that the hearing process afforded by 10 CFR 2.1306 offers the best process for a complete and open investigation of these issues.

B. Vermont Department of Public Service

The Vermont Department of Public Service is charged, through the Director for Public Advocacy, to represent the interests of the public in utility matters before the Vermont Public Service Board, as well as before the Federal Energy Regulatory Commission and the Nuclear

¹Vermont filed a Motion to Intervene and Protest at the FERC on February 7, 2000. While party status has not been yet determined, Vermont expects it will be granted.

Regulatory Commission. See Vt. Stat. Ann. tit. 30, § 2. As the State of Vermont's public advocate, the Department has an affirmative duty to protect the interests of the State of Vermont, its citizens, taxpayers and Vermont consumers of electricity in securing reliable, safe, reasonably priced power. In addition to its advocacy role, the Department's Commissioner is the NRC State Liaison Officer. The Department has participated in NRC proceedings on behalf of Vermont in previous dockets.

C. The Issues

1. Financial Qualifications of AmerGen Vermont for Operational Contingencies
(Statement 1)

In the Application it is stated that, "Under the terms of the Funding Agreements, AmerGen has the right to obtain funding of up to \$110 million in the unlikely event that PECO Energy and British Energy do not otherwise provide adequate funding to AmerGen." (At 23.) "The commitments of PECO Energy and British Energy to AmerGen, and AmerGen's related commitments to AmerGen Vermont provide reasonable assurance that AmerGen Vermont will have funds sufficient to pay the fixed costs of an outage at Vermont Yankee lasting six months." (At 24.) Vermont wishes to participate in a full and complete investigation of the adequacy of these financial arrangements, and for this purposes asserts:

The funding arrangements described by the Joint Applicants are not adequate because the \$110 million pledged by AmerGen's members is not sufficient to pay the full costs of a six-month outage at Vermont Yankee considering scenarios which might reasonably occur.

a. Interests

1) A concrete and particularized injury to Vermont citizens could occur if AmerGen Vermont funding is insufficient. With insufficient funds, the plant could be left in an unsafe condition following an accident. This could expose Vermont citizens and other members of the public to health risks. It could also cause serious harm to the environment. Also, without

funds to maintain the nuclear plant, there is no guarantee that Vermont citizens would be protected from migration of radioactivity from the plant into the environment, such that public health would be threatened. In addition, injury would occur to Vermont ratepayers or taxpayers if AmerGen Vermont funding is insufficient. Excess costs not paid by AmerGen would fall either to Vermont ratepayers or Vermont taxpayers who are represented by the Department.

2) The injury is traceable to the proposed license transfer which is a component of the proposed transfer of Vermont Yankee assets to AmerGen. If the proposed transaction occurs, Vermont ratepayers would pay costs to top-off the decommissioning fund, and other costs remaining after the sale, in return for transferring the risks of additional costs (and benefits of profits) to AmerGen Vermont. If AmerGen funding arrangements are insufficient, ratepayers or taxpayers will be injured by paying again for these risks thought to have been shed by the sale.

3) The injury associated with insufficient funding would be redressed by a decision not to approve the license transfer. Alternatively, the injury can be redressed by assuring adequate funding for reasonable possibilities and contingencies.

4) The injury is within the zone of interests protected by the Atomic Energy Act in the following manner. The Atomic Energy Act protects public health and safety from radiologically-caused injury, and thereby requires that licensees demonstrate financial qualifications to afford this protection (10 CFR 50.80(b)). The lack of these qualifications leads to the injury described.

b. Admissibility of the Issue

1) The issue of financial qualification is within the scope of the proceeding, as required by 10 CFR 50.80(b).

2) The issue of financial qualification is relevant and material to the findings necessary to grant the license transfer, as required by 10 CFR 50.80(b).

3) A genuine dispute exists in that the Joint Applicants represent the \$110 million contingency funding, along with other possible funding, provides reasonable assurance that AmerGen Vermont will have funds sufficient to pay the fixed costs of an outage at Vermont Yankee lasting six months (Application, at 24). As shown below, there are circumstances which have a reasonable chance of occurrence for which the \$110 million, plus other possible funding,

will be insufficient.

c. The Issue with Specificity

See the Affidavit of William K. Sherman Regarding Financial Qualification

which accompanies this filing. Mr. Sherman concludes:

- There is no guarantee the AmerGen's members will be liable for any more than \$110 million;
- There is no guarantee that operating costs will provide an adequate source of funds to meet Vermont Yankee's ongoing operational expenses for an unanticipated six-month outage;
- There is no guarantee that any of AmerGen's net income will be available to fund future operational shortfalls;
- Simultaneous six-month outages at more than one of AmerGen's plants are a reasonable possibility;
- AmerGen is susceptible to events which could lead to simultaneous outages at more than one plant;
- Immediate entry into decommissioning is not an alternative for insufficient funding, and therefore;
- AmerGen Vermont's financial qualifications are not adequate because the \$110 million ("the contingency amount") pledged by AmerGen's members is not sufficient to pay the full costs of a six-month outage at Vermont Yankee considering scenarios which might reasonably occur.

2. Financial Qualifications of AmerGen Vermont for Operational Contingencies
(Statement 2)

In the Application it is stated that, "AmerGen has guaranteed the performance of all of AmerGen Vermont's financial obligations. A copy of this Performance Guarantee is provided as Enclosure 8." (At 20.) Vermont believes this Performance Guarantee creates the potential of a funding gap between the end of operation and the beginning of decommissioning. Vermont wishes to participate in a full and complete investigation of the adequacy of these financial arrangements, and for this purposes asserts:

The funding arrangements described by the Joint Applicants are not adequate because the AmerGen's Performance Guarantee for AmerGen Vermont creates a funding gap between the end of operation and the beginning of decommissioning such that sufficient funds would not be available to maintain the plant safely.

a. Interests

The interests for this Issue are identical to the interests stated for Issue No. 1 above. This injury can be redressed by denying the license transfer. It may also be redressed by requiring the Performance Guarantee to state that AmerGen Vermont may obtain funds from AmerGen until AmerGen Vermont begins decommissioning and is funded through the decommissioning fund, rather than "until AmerGen Vermont can certify to NRC that the fuel has been permanently removed from the reactor vessel." (Performance Guarantee, at 2.)

b. Admissibility of the Issue

1) The issue of financial qualification is within the scope of the proceeding, as required by 10 CFR 50.80(b).

2) The issue of financial qualification is relevant and material to the findings necessary to grant the license transfer, as required by 10 CFR 50.80(b).

3) A genuine dispute exists in that the Joint Applicants represent that, by the Performance Guarantee, AmerGen has guaranteed the performance of all of AmerGen Vermont's financial obligations. As shown below, the Performance Guarantee will not provide AmerGen Vermont sufficient funds following removal of spent fuel from the reactor before the beginning of decommissioning.

c. The Issue with Specificity

Permanently removing spent fuel from the reactor vessel does coincide with the beginning of decommissioning. There are numerous activities which must be continued to maintain the plant in a safe condition until the decommissioning fund can be used. Maine Yankee and Connecticut Yankee incurred a transition period before beginning decommissioning, and Vermont Yankee's decommissioning study includes a \$57 million, eight-month transition expense. See the Affidavit of William K. Sherman.

3. Financial Qualifications of AmerGen Vermont for Nuclear Accidents

In the Application it is stated that, "AmerGen Vermont's Projected Income Statement, and the financial arrangements with AmerGen, PECO Energy and British Energy provide adequate assurance that AmerGen Vermont will be able to pay a retrospective premium of \$10

million pursuant to 10 CFR § 140.21(e)-(f)." (At 35.) Since the current potential liability is \$88 million per reactor per incident, the \$110 million contingency amount from AmerGen's members is not sufficient to fund nuclear accident liabilities at all the reactors AmerGen intends to own. Vermont wishes to participate in a full and complete investigation of the adequacy of these financial arrangements, and for this purposes asserts:

The funding arrangements described by the Joint Applicants are not adequate because the \$110 million pledged by AmerGen's members is not sufficient to pay the full potential costs for which Vermont Yankee would be liable in the event of a severe nuclear accident resulting in Price-Anderson liability.

a. Interests

The interests for this Issue are identical to the interests stated for Issue No. 1 above.

b. Admissibility of the Issue

1) The issue of financial qualification is within the scope of the proceeding, as required by 10 CFR 50.80(b).

2) The issue of financial qualification is relevant and material to the findings necessary to grant the license transfer, as required by 10 CFR 50.80(b).

3) A genuine dispute exists in that the Joint Applicants represent that, by the Performance Guarantee, AmerGen has guaranteed the performance of all of AmerGen Vermont's financial obligations. As shown below, the funding would not be sufficient to pay the Price-Anderson liability amounts which could potentially occur in the event of a major nuclear accident.

c. The Issue with Specificity

Mr. Sherman has shown in conjunction with Issue No. 1, that:

- There is no guarantee the AmerGen's members will be liable for any more than \$110 million;
- There is no guarantee that operating costs will provide an adequate source of funds to meet Vermont Yankee's ongoing expenses, and;

- There is no guarantee that any of AmerGen's net income will be available to fund future expense shortfalls.

(See the Affidavit of William K. Sherman.)

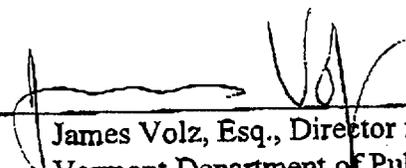
For the six plants AmerGen intends to own, the potential nuclear incident liability would be \$528 million over a nine year period. The shortfall of these funds would use funds otherwise required to maintain Vermont Yankee in a safe condition, causing harm to Vermont citizens, or in the alternative, cause harm to Vermont ratepayers and taxpayers.

CONCLUSION

For the foregoing reasons, the Vermont Department of Public Service requests that its intervention be granted and that a hearing be held in this matter.

Dated at Montpelier Vermont this 23rd day of February 2000.

VERMONT DEPARTMENT OF PUBLIC SERVICE

by: 

James Volz, Esq., Director for Public Advocacy
Vermont Department of Public Service
112 State Street - Drawer 20
Montpelier, VT 05620-2601
802-828-4003; volz@psd.state.vt.us

CERTIFICATE OF SERVICE

I, James Volz, Esq., Counsel for the Vermont Department of Public Service, hereby certify that on the 23rd day of February, 2000, service of the foregoing Petition for Leave to Intervene and Request for Hearing; Affidavit of William K. Sherman; and Notice of Appearance was made by e-mail, and facsimile, on this 23rd day of February, 2000 on the following parties:

The General Counsel
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

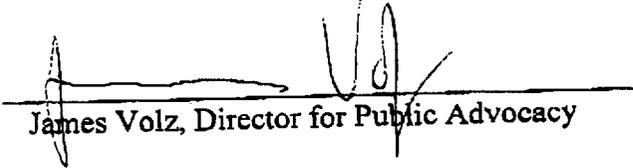
ogclt@nrc.gov

The Secretary of the Commission
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001
ATTN: Rulemakings and Adjudications Staff
301-415-1101 (FAX)
secy@nrc.gov

John Ritscher, Esq.
Counsel for VT Yankee Nuclear Power Corporation
One International Place
Boston, MA 02110
617-951-7000
617-951-7050 (FAX)
jritsher@ropesgray.com

Kevin P. Gallen, Esq.
Counsel for AmerGen Vermont
Morgan, Lewis & Bokus, LLP.
1800 M Street, N.W.
Washington, DC 20036-5869
202-467-7462
202-467-7176 (FAX)
kpgallen@mlb.com

Dated at Montpelier, Vermont this 23rd day of February, 2000.


James Volz, Director for Public Advocacy

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)

Vermont Yankee Nuclear Power Corporation)

and)

AmerGen Vermont LLC)

(Vermont Yankee Nuclear Power Station)

Docket No. 50-271

**AFFIDAVIT OF WILLIAM K. SHERMAN REGARDING FINANCIAL
QUALIFICATION**

I, William K. Sherman, Vermont State Nuclear Engineer, Vermont Department of Public Service, do hereby affirm and state:

1. I am the Vermont State Nuclear Engineer, a position I have held since November 1988. My responsibilities include the oversight of the operations of the Vermont Yankee Nuclear Power Station for safety purposes for the state of Vermont. I am badged for unescorted access at Vermont Yankee and conduct periodic inspections at the plant under Memoranda of Understanding (MOU's) with both Vermont Yankee and the Nuclear Regulatory Commission (NRC). I have participated representing the state perspective on several NRC stakeholder panels. My responsibilities also include financial oversight of the Vermont Yankee Nuclear Power Station. I have submitted expert witness testimony regularly in state rate cases before the Vermont Public Service Board. I have also prepared expert witness testimony and background materials for rate cases at the Federal Energy Regulatory Commission (FERC).
2. Prior to coming to the Department I had 18 years of licensing, engineering, design and

construction experience in the nuclear industry. I am a registered professional mechanical engineer in three states. I have a B.S. Degree in Mechanical Engineering from The University of Michigan.

3. For the reasons stated here, AmerGen Vermont's financial qualifications are not adequate because the \$110 million ("the contingency amount") pledged by AmerGen's members is not sufficient to pay the full costs of a six-month outage at Vermont Yankee considering scenarios which might reasonably occur.
4. With insufficient funding, the following harm would occur to Vermonters. Without necessary funding, maintenance activities associated with assuring cooling of nuclear fuel and prevention of radioactivity migration into the environment would not occur. In the limit, nuclear accident due to insufficient cooling of nuclear fuel would occur, releasing radioactivity into the environment causing harm to Vermonters through radiation exposure. Likewise, in the limit, failure to monitor and prevent water intrusion would lead to migration of radioactivity beyond the site boundary and into the environment, similarly causing harm to Vermonters through radiation exposure.
5. If nuclear releases are prevented by providing funds from Vermont ratepayers or taxpayers, injury occurs in the following manner. The proposed sale consists of Vermont ratepayers ultimately paying for a top-off of the decommissioning fund of approximately \$54.3 million, and payment of uncollected costs associated with Vermont Yankee of approximately \$150 million. In return for these costs, AmerGen claims to assume the future financial risks associated with Vermont Yankee. If the Vermont ratepayers or taxpayers must pay for maintaining the plant in a safe condition during a six-month outage, or before decommissioning begins, they are harmed by having to pay costs which the proposed transaction is specifically structured to prevent.
6. AmerGen Vermont is a wholly owned subsidiary of AmerGen Energy LLP. AmerGen

Energy LLP ("AmerGen") is a limited liability partnership, held equally by members, PECO Energy, a Philadelphia company, and British Energy plc, a Scottish company. The liability of AmerGen's members is limited to \$55 million each by the agreements provided as Exhibits WKS-1 and WKS-2. There is no guarantee the AmerGen's members will be liable for any more than the \$55 million amount.

7. AmerGen represents that "anticipated revenues from sales of capacity and energy from Vermont Yankee provide reasonable assurance of an adequate source of funds to meet Vermont Yankee's ongoing operational expenses." Application at 21. This representation is based on the projected income statement included as Enclosure 9A of the Application which is withheld from public disclosure. I have provided on Exhibit WKS-3 calculations in the same format as Enclosure 9A from data available to me through monitoring Vermont Yankee projected operating costs. Exhibit WKS-3 uses Vermont Yankee's forecast of market power provided by NERA. I have not included the amount received by AmerGen from the Power Purchase Agreement (PPA) buy out, which is held confidential by AmerGen. Exhibit WKS-3 shows low net profits.

8. On Exhibit WKS-4, I show the evolution of Vermont Yankee market price forecasts over the period from 1997 to 1999. These are taken from Vermont Yankee economic viability studies which are publicly available. On this Exhibit, I show the percentage change from 1998 to 1999 and from 1997 to 1999. Changes of negative 4% to negative 7% are common. By this exhibit I wish to illustrate the volatility of market price forecasts. This is the same conclusion reached by the evaluators of the *Safety Evaluation by the Office of Nuclear Reactor Regulation, Proposed Transfer of Clinton Power Station Operating Licence from Illinois Power Company to AmerGen Energy Company LLC, Docket No. 50-461*, dated November 24, 1999, on page 5:

After reviewing several forecasts of U.S. electricity prices and other relevant information (such as a forecast of regional capacity margins), the staff concludes that attempting to forecast the growth rate, or even the direction of change, for market-based prices in

[Clinton Power Station's] market area is too speculative to be useful for its contingency analysis.

9. On Exhibit WKS-3, I show the effect of a 10% reduction in market price. With this reduction, almost all the net profit from AmerGen operation, with the exception of the PPA Buy-Out price, is removed. Considering the speculative nature of estimated market prices, a 10% reduction in market price over time is not an unreasonable possibility. (Please note - this is for illustration only. The Department's estimated market prices are higher than those estimated by Vermont Yankee. Currently, it appears estimated market prices are on the rise.) Therefore, there is no guarantee that operating costs will provide an adequate source of funds to meet Vermont Yankee's ongoing operational expenses for an unanticipated six-month outage.
10. I have not included the PPA Buy Out income on Exhibit WKS-3 because that amount is considered confidential. Nevertheless, it would be a reasonable assumption to use an amount between \$50 million and \$100 million which will occur in 2000. However, it can not be assumed this money will reside with AmerGen to offset future expenses. We have sought AmerGen's commitment regarding retaining income versus returning income to its members, PECO and British Energy. Exhibit WKS-5 is a discovery response which represents the level at which AmerGen is willing to commit to retain funds. AmerGen states it has no policy regarding retention of funds. Therefore, AmerGen could return the income from the PPA Buy Out to its members. From that time, AmerGen's members would only be liable for the contingent \$55 million apiece identified in Exhibits WKS-1 and 2, and no more. There is no guarantee that any of AmerGen's net income will be available to fund future operational shortfalls.
11. Through this point I have shown that the only monies which may firmly be relied upon for unplanned, unanticipated outages is the \$110 million contingency amount.

12. Simultaneous six-month outages at more than one AmerGen plant would cost in excess of the \$110 million contingency amount. AmerGen identifies potential six-month outage costs on Exhibit WKS-6 for TMI-Unit 1 (\$65 million), Clinton (\$80 million) and Vermont Yankee (\$61 million). It is reasonable to assume that six-month outage costs for the other plants that AmerGen seeks to own, Oyster Creek, Nine Mile 1 and Nine Mile 2, will be of similar magnitude. Six-month outages at any two plants would exceed the \$110 million contingency amount.
13. Simultaneous six-month outages at more than one of AmerGen's plants are a reasonable possibility. On Exhibit WKS-6, AmerGen states that "[t]he probability of simultaneous uninsured outages at multiple sites is very small. I disagree. Exhibit WKS-7 shows four examples, out of numerous others, of simultaneous six-month outages at multiple plants and sites. These examples are well known in the industry. Commonwealth Edison had six units out for six months or longer simultaneously. The Baltimore Gas & Electric and Northeast Utilities experiences are useful. Both utilities have been regarded as good nuclear operators, just as PECO Energy is regarded as a good operator. Yet, because of difficulties found at the Calvert Cliffs units, each of these units remained out-of-service for longer than 18 months. Similarly, Millstone Units 2 and 3 were out-of-service longer than two years, while Millstone Unit 1 and Connecticut Yankee were permanently removed from service. Even well-regarded operators have experienced simultaneous outages greater than six months. The Millstone experience may have direct applicability to AmerGen's acquisitions, since many of Millstone's difficulties resulted from an emphasis on reducing costs, an emphasis that AmerGen will also have.
14. NRC's license condition, established for the license transfers of Three Mile Island Unit 1 and Clinton does not offer sufficient protection for inadequate financing. The condition requires that the \$110 million contingency amount always be in place, and that NRC be informed if any of the contingency is used at any AmerGen plant. Were AmerGen faced with the situation that Commonwealth Edison experienced, six plants at three sites out

simultaneously for longer than six months, expenses before entry into decommissioning would clearly exceed \$110 million, and its members would not be obligated for expenses beyond \$110 million. Simply being informed of usage of the contingency amount would not prevent a potential bankruptcy situation, leaving unfunded obligations at AmerGen plants.

15. AmerGen is susceptible to events which could lead to simultaneous outages at more than one plant. A generic technical issue has potential of causing multiple outages. An example of a generic technical issue which caused outages greater than six month is stress corrosion cracking in BWR recirculation piping in the 80's. Five of the six acquisitions announced to date by AmerGen are BWR's. A generic BWR issue could result in extended outages at all five of these BWR's. Deficiencies in an organization's safety culture can cause multiple outages. These type of deficiencies are the root cause of the Commonwealth Edison and Northeast Utilities experiences. AmerGen's plan to incorporate efficiencies and increase productivity is not unsusceptible to deficiencies in safety culture which could result in multiple outages.
16. Immediate entry into decommissioning is not an alternative for insufficient funding. While AmerGen's ownership philosophy is to have fully funded decommissioning funds, the transition into decommissioning cannot be immediate. Connecticut Yankee and Maine Yankee have experienced tens of millions of dollars of operating expenses which could not be charged to the decommissioning fund, before entering into decommissioning. Exhibit WKS-8 is two pages from TLG Services site specific decommissioning study for Vermont Yankee, dated April 1999. Exhibit WKS-8 identifies an eight month transitional cost of \$57,601,014 which would not be chargeable to the decommissioning fund.
17. I conclude that:
 - There is no guarantee the AmerGen's members will be liable for any more that

- \$110 million, and;
 - There is no guarantee that operating costs will provide an adequate source of funds to meet Vermont Yankee's ongoing operational expenses for an unanticipated six-month outage, and;
 - There is no guarantee that any of AmerGen's net income will be available to fund future operational shortfalls, and;
 - Simultaneous six-month outages at more than one of AmerGen's plants are a reasonable possibility, and;
 - AmerGen is susceptible to events which could lead to simultaneous outages at more than one plant, and;
 - Immediate entry into decommissioning is not an alternative for insufficient funding, and therefore;
 - AmerGen Vermont's financial qualifications are not adequate because the \$110 million ("the contingency amount") pledged by AmerGen's members is not sufficient to pay the full costs of a six-month outage at Vermont Yankee considering scenarios which might reasonably occur.
18. In addition, the *Performance Guarantee of AmerGen Vermont, Financial Obligations by AmerGen*, Application Enclosure 8, does not provide sufficient financial protection. Enclosure 8 consists of a letter from AmerGen to AmerGen Vermont, dated January 6, 2000, entitled, Letter Agreement Assuring Financial Obligations of AmerGen Vermont LLC. This January 6, 2000, letter was replaced by counsel on February 18, 2000, with a February 17, 2000, letter entitled the same. This letter includes the following:

AmerGen shall have the right to demand that AmerGen Vermont permanently cease operations at VYNPS rather than using funds available under this Agreement for continued operations, provided that, in such event, AmerGen Vermont will nevertheless have the right to continue to obtain the funds necessary to assure the safe and orderly shutdown of VYNPS and continue the safe maintenance of VYNPS *until AmerGen Vermont can certify to the NRC that the fuel has been permanently removed from the reactor vessel.* (Emphasis added).

It would be possible for Vermont Yankee to have all the fuel to be removed from the reactor, and yet not be ready to transition into the decommissioning. In this situation, AmerGen would not be liable to provide necessary operational funds to AmerGen

Vermont. There are many more activities, other than removing nuclear fuel from the reactor, required to maintain the nuclear plant in a safe condition until decommissioning begins. These activities include maintaining cooling to nuclear fuel in the spent fuel pool, monitoring for groundwater intrusion into plant structures, monitoring to assure migration of radioactivity does not occur to the environment, and maintaining plant security.

Vermont Department of Public Service

William K. Sherman

William K. Sherman

Vermont State Nuclear Engineer

State of Vermont

County of Washington

Subscribed and sworn by me, a Notary Public, in and for the County and State above named, this 23rd day of February, 2000.

Susan M. Pittsley

My Commission Expires: 02-10-03





PECO ENERGY

State of Vermont PSB **Michael J. Egan**
 Docket NO.: 6300 **Senior Vice President**
 Exhibit #A-7 (CP1-2) **and Chief Financial Officer**
 Marked/Admitted

PECO Energy Company
 2301 Market Street
 PO Box 8699
 Philadelphia, PA 19101-8699
 215 841 5800
 Fax 215 841 4214

July 22, 1999

AmerGen Energy Company
 965 Chesterbrook Boulevard
 Wayne, PA 19087

Re: Supplement to December 3, 1998 Letter Agreement

Ladies and Gentlemen:

Reference is made to a letter agreement dated December 3, 1998 ("December 3, 1998 Funding Agreement") relating to the transfer of Three Mile Island Nuclear Station, Unit 1 ("TMI-1"), pursuant to which PECO agreed to provide funding of up to \$32.5 million to AmerGen. This letter agreement ("Supplemental Agreement") supplements the December 3, 1998 Funding Agreement by providing for additional funds to be available to AmerGen in connection with the operation and maintenance of all of the commercial nuclear power reactors being acquired or to be acquired by AmerGen, including TMI-1.

In consideration of the benefits to be derived by PECO from AmerGen's ownership and operation of commercial nuclear reactors, the mutual benefits to be derived by AmerGen, PECO, and British Energy from the commitments contemplated hereunder, in furtherance of the Limited Liability Company Agreement of AmerGen (the "LLC Agreement") dated as of August 18, 1997, and any provision in the LLC Agreement which could limit application of this letter agreement notwithstanding, PECO hereby agrees that, subject to the terms and conditions of this Supplemental Agreement, it will provide its share of funds to AmerGen to assure that AmerGen will have sufficient funds available to meet its expenses. PECO shall make payments under the terms of this Supplemental Agreement at the same time or times as the same amount is paid by British Energy under a similar supplemental letter agreement between AmerGen and British Energy.

PECO represents and warrants that it will provide funding to AmerGen, at any time that the Management Committee of AmerGen determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary to meet the ongoing operating expenses at any AmerGen operating nuclear power plant or such funds are necessary to safely maintain any such plant; provided, however, that PECO's maximum liability to provide supplemental funding hereunder shall not exceed the lesser of (x) fifty percent (50%) of the total funding required by AmerGen from time to time pursuant to this and a similar supplemental letter agreement between AmerGen and British Energy, or (y) \$55 million cumulatively over the life of this Supplemental Agreement. This amount includes the \$32.5 million originally made

1-2-1728720.1

JUL 23 1999 09:05

1 215 841 4474

PAGE-02

EXHIBIT WKS-1
 PAGE 1 OF 5

available to AmerGen pursuant to the December 3, 1998 Funding Agreement. Accordingly, pursuant to this Supplemental Agreement and a similar supplemental letter agreement between AmerGen and British Energy, the total amount available from PECO and British Energy for any of AmerGen's operating nuclear power plants, including TMI-1 and any other future acquisitions, shall be \$110 million.

This agreement shall take effect upon the transfer of TMI-1 or any other operating commercial nuclear power plant to AmerGen, as approved by the NRC, and will remain in effect and remain irrevocable until such time as either: (1) AmerGen has submitted to the NRC a written certification meeting the requirements of 10 CFR § 50.4(b)(8) & (9) that the fuel has been permanently removed from the reactor vessel of the last plant operated by AmerGen, L.A., after AmerGen has determined to permanently cease operations at its last operating reactor, or (2) NRC has given its prior written consent to the discontinuance of the funding arrangements contemplated by this Supplemental Agreement and a similar supplemental letter agreement between AmerGen and British Energy.

PECO or British Energy shall have the right to demand that AmerGen permanently cease operations at any plant rather than using funds available under this agreement for continued operations, provided that, in such event, AmerGen will nevertheless have the right to continue to obtain the funds necessary to assure the safe and orderly shutdown of any such plant and to continue the safe maintenance of any such plant until AmerGen can certify to the NRC that the fuel has been permanently removed from the reactor vessel.

PECO hereby represents and warrants to AmerGen that, subject to its receipt of the governmental approval referred to below, its obligations under this letter agreement are valid, binding and enforceable obligations of PECO in accordance with their terms (subject to bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and general equitable principles) and does not require the consent, approval or authorization of any Governmental Agency or third party other than those which have been obtained and are in full force and effect (or will be obtained on or prior to the Closing Date). Anything herein to the contrary notwithstanding, the obligations of PECO under this letter agreement are subject to and conditioned on the effectiveness of the approval of this agreement by the Pennsylvania Public Utility Commission.

PECO hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by PECO of its obligations hereunder.

The obligations of PECO under this Supplemental Agreement and the obligations of British Energy under its supplemental letter agreement are several and not joint, and nothing herein is intended to constitute a guarantee by PECO of the obligations of British Energy or a partnership, joint venture or other contractual relationship between PECO and British Energy.

1-WA/123070.1

JUL 23 1999 09:05

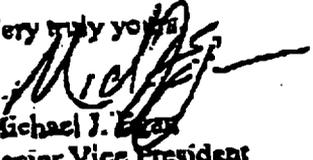
1 215 841 4474

PAGE. 03

EXHIBIT WKS-1
PAGE 2 OF 5

This Supplemental Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to conflict of law principles.

Very truly yours,


Michael J. Egan
Senior Vice President
and Chief Financial Officer

1-44123721

JUL 23 1999 09:05

1 215 841 4074

PAGE.04

EXHIBIT WKS-1
PAGE 3 OF 5

Senior Vice President
and Chief Financial Officer



PECO ENERGY

PECO Energy Company
2301 Market Street
PO Box 8899
Philadelphia, PA 19101-8699
215 841 5600
Fax 215 841 4214

December 3, 1998

AmerGen Energy Company
965 Chesterbrook Boulevard
Wayne, PA 19087

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement, dated as of October 15, 1998 (the "Agreement"), by and among GPU Nuclear, Inc., Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company (collectively, "Sellers") on the one hand, and AmerGen Energy Company, LLC ("AmerGen"), on the other hand. PECO Energy Company ("PECO") and British Energy, Inc. ("BE Inc."), a wholly owned subsidiary of British Energy plc ("British Energy"), are the members of AmerGen. The Agreement provides, among other things, for the sale by Sellers to AmerGen of the Three Mile Island Unit 1 Nuclear Generating Station ("TMI-1") and certain related assets and AmerGen's assumption of certain Assumed Liabilities and Obligations subject to the terms and conditions of the Agreement. Capitalized terms used herein shall have the meanings given to them in the Agreement unless otherwise defined herein.

In consideration of the benefits to be derived by PECO from AmerGen's ownership and operation of TMI-1, the mutual benefits to be derived by AmerGen, PECO, and British Energy from the commitments contemplated hereunder, in furtherance of the Limited Liability Company Agreement of AmerGen (the "LLC Agreement") dated as of August 18, 1997, and any provision in the LLC Agreement which could limit application of this letter agreement notwithstanding, PECO hereby agrees that, subject to the terms and conditions of this agreement, it will provide its share of funds to AmerGen to assure that AmerGen will have sufficient funds available to meet its operating expenses. PECO represents and warrants that it will provide funding to AmerGen, at any time that the Management Committee of AmerGen determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary to meet the ongoing operating expenses at TMI-1 or such funds are necessary to safely maintain TMI-1; provided, however, that PECO's maximum liability to provide funding hereunder shall not exceed the lesser of (x) fifty (50) percent of the total funding required by AmerGen from time to time pursuant to this and a similar letter agreement between AmerGen and British Energy of even date herewith, or (y) \$32.5 million cumulatively over the life of this agreement. PECO shall pay such amounts to AmerGen at the same time or times as the same amount is paid by British Energy under a similar letter agreement between AmerGen and British Energy of even date herewith.

This agreement shall take effect upon the transfer of TMI-1 to AmerGen, as approved by the NRC, and will remain in effect and remain irrevocable until such time as either: (1) AmerGen has submitted to the NRC a written certification meeting the requirements of 10 CFR § 50.4(b)(8) that the TMI-1 fuel has been permanently removed from the reactor vessel, i.e., after AmerGen has determined to permanently cease TMI-1 operations, or (2) NRC has given its prior written consent to the discontinuance of the funding arrangements contemplated by this letter agreement and a similar letter agreement between AmerGen and British Energy of even date herewith. PECO or British Energy shall have the right to demand that AmerGen permanently cease TMI-1 operations rather than using funds available under this agreement for continued operations, provided that, in such event, AmerGen will nevertheless have the right to continue to obtain the funds necessary to assure the safe and orderly shutdown of TMI-1 and to continue the safe maintenance of TMI-1 until AmerGen can certify to the NRC that the fuel has been permanently removed from the reactor vessel.

PECO hereby represents and warrants to AmerGen that, subject to its receipt of the governmental approval referred to below, its obligations under this letter agreement are valid, binding and enforceable obligations of PECO in accordance with their terms (subject to bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and general equitable principles) and does not require the consent, approval or authorization of any Governmental Agency or third party other than those which have been obtained and are in full force and effect (or will be obtained on or prior to the Closing Date). Anything herein to the contrary notwithstanding, the obligations of PECO under this letter agreement are subject to and conditioned on the effectiveness of the approval of this agreement by the Pennsylvania Public Utility Commission.

PECO hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by PECO of its obligations hereunder.

The obligations of PECO under this letter agreement and the obligations of British Energy under its letter agreement of even date herewith are several and not joint, and nothing herein is intended to constitute a guarantee by PECO of the obligations of British Energy or a partnership, joint venture or other contractual relationship between PECO and British Energy.

This letter agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to conflict of law principles.

Very truly yours,



State of Vermont PSB
 Docket NO. : 6300
 Exhibit #A-8 (CPL-3)
 Marked/Admitted



British Energy

July 22, 1999

AmerGen Energy Company
 965 Chesterbrook Boulevard
 Wayne, PA 19087

Re: Supplement to November 5, 1998 Letter Agreement

Ladies and Gentlemen:

Reference is made to a letter agreement dated November 5, 1998 ("November 5, 1998 Funding Agreement") relating to the transfer of Three Mile Island Nuclear Station, Unit 1 ("TMI-1"), pursuant to which British Energy plc ("BE") agreed to provide funding of up to \$32.5 million to AmerGen. This letter agreement ("Supplemental Agreement") supplements the November 5, 1998 Funding Agreement by providing for additional funds to be available to AmerGen in connection with the operation and maintenance of all of the commercial nuclear power reactors being acquired or to be acquired by AmerGen, including TMI-1.

In consideration of the benefits to be derived by BE from AmerGen's ownership and operation of commercial nuclear reactors, the mutual benefits to be derived by AmerGen, BE and PECO from the commitments contemplated hereunder, in furtherance of the Limited Liability Company Agreement of AmerGen (the "LLC Agreement") dated as of August 18, 1997, and any provision in the LLC Agreement which could limit application of this letter agreement notwithstanding, BE hereby agrees that, subject to the terms and conditions of this Supplemental Agreement, it will provide its share of funds to AmerGen to assure that AmerGen will have sufficient funds available to meet its expenses. BE shall make payments under the terms of this Supplemental Agreement at the same time or times as the same amount is paid by PECO under a similar supplemental letter agreement between AmerGen and PECO.

BE represents and warrants that it will provide funding to AmerGen, at any time that the Management Committee of AmerGen determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary to meet the ongoing operating expenses at any AmerGen operating nuclear power plant or such funds are necessary to safely maintain any such plant, provided, however, that BE's maximum liability to provide supplemental funding hereunder shall not exceed the lesser of (x) fifty percent (50%) of the total funding required by AmerGen from time to time pursuant to this and a similar supplemental letter agreement between AmerGen and PECO, or (y) \$55 million cumulatively over the life of this Supplemental Agreement. This amount includes the \$32.5 million originally made available to AmerGen pursuant to the November 5, 1998 Funding Agreement.

Accordingly, pursuant to this Supplemental Agreement and a similar supplemental letter agreement between AmerGen and PECO, the total amount available from British Energy and PECO for any of AmerGen's operating nuclear power plants, including TMI-1 and any other future acquisitions, shall be \$110 million.

10/1/1999

British Energy plc 10 Lashside Place Edinburgh EH12 4JF
 Telephone: 011 44 131 527 2000

EXHIBIT WKS-2
 PAGE 1 OF 4

This agreement shall take effect upon the transfer of TMI-1 or any other operating commercial nuclear power plant to AmerGen, as approved by the NRC, and will remain in effect and remain irrevocable until such time as either: (1) AmerGen has submitted to the NRC a written certification meeting the requirements of 10 CFR § 50.4(b)(8) & (9) that the fuel has been permanently removed from the reactor vessel of the last plant operated by AmerGen, i.e., after AmerGen has determined to permanently cease operations at its last operating reactor, or (2) NRC has given its prior written consent to the discontinuance of the funding arrangements contemplated by this Supplemental Agreement and a similar supplemental letter agreement between AmerGen and PECO.

BE or PECO shall have the right to demand that AmerGen permanently cease operations at any plant rather than using funds available under this agreement for continued operations, provided that, in such event, AmerGen will nevertheless have the right to continue to obtain the funds necessary to assure the safe and orderly shutdown of any such plant and to continue the safe maintenance of any such plant until AmerGen can certify to the NRC that the fuel has been permanently removed from the reactor vessel.

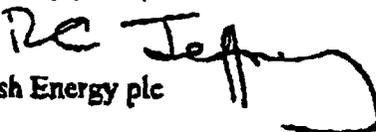
BE hereby represents and warrants to AmerGen that its obligations under this letter agreement are valid, binding and enforceable obligations of BE in accordance with their terms (subject to bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and general equitable principles) and does not require the consent, approval or authorization of any Governmental Agency or third party other than those which have been obtained and are in full force and effect (or will be obtained on or prior to the Closing Date); provided, however, that the obligations of British Energy under this letter agreement are subject to and conditioned on the approval by the Pennsylvania Public Utility Commission of PECO's obligations under a similar letter agreement between AmerGen and PECO of even date herewith.

BE hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by BE of its obligations hereunder.

The obligations of BE under this Supplemental Agreement and the obligations of PECO under its supplemental letter agreement are several and not joint, and nothing herein is intended to constitute a guarantee by BE of the obligations of PECO or a partnership, joint venture or other contractual relationship between BE and PECO.

This Supplemental Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to conflict of law principles.

Very truly yours,


British Energy plc

14012302.1



November 5, 1998

AmerGen Energy Company
965 Chesterbrook Boulevard
Wayne, PA 19087

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement, dated as of October 15, 1998 (the "Agreement"), by and among GPU Nuclear, Inc., Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company (collectively, "Sellers") on the one hand, and AmerGen Energy Company, LLC ("AmerGen"), on the other hand. PECO Energy Company ("PECO") and British Energy, Inc. ("BE Inc."), a wholly owned subsidiary of British Energy plc ("British Energy"), are the members of AmerGen. The Agreement provides, among other things, for the sale by Sellers to AmerGen of the Three Mile Island Unit 1 Nuclear Generating Station ("TMI-1") and certain related assets and AmerGen's assumption of certain Assumed Liabilities and Obligations subject to the terms and conditions of the Agreement. Capitalized terms used herein shall have the meanings given to them in the Agreement unless otherwise defined herein.

In consideration of the benefits to be derived by British Energy and BE Inc. from AmerGen's ownership and operation of TMI-1, the mutual benefits to be derived by AmerGen, British Energy, and PECO from the commitments contemplated hereunder, in furtherance of the Limited Liability Company Agreement of AmerGen (the "LLC Agreement") dated as of August 18, 1997, and any provision in the LLC Agreement which could limit application of this letter agreement notwithstanding, British Energy hereby agrees that, subject to the terms and conditions of this agreement, it will provide its share of funds to AmerGen to assure that AmerGen will have sufficient funds available to meet its operating expenses. British Energy represents and warrants that it will provide funding to AmerGen, at any time that the Management Committee of AmerGen determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary to meet the ongoing operating expenses at TMI-1 or such funds are necessary to safely maintain TMI-1; provided, however, that British Energy's maximum liability to provide funding hereunder shall not exceed the lesser of (x) fifty (50) percent of the total funding required by AmerGen from time to time pursuant to this and a similar letter agreement between AmerGen and PECO of even date herewith, or (y) \$32.5 million cumulatively over the life of this agreement. British Energy shall pay such amounts to AmerGen at the same time or times as the same amount is paid by PECO under a similar letter agreement between AmerGen and PECO of even date herewith.

This agreement shall take effect upon the transfer of TMI-1 to AmerGen, as approved by the NRC, and will remain in effect and remain irrevocable until such time as either: (1) AmerGen has submitted to the NRC a written certification meeting the requirements of 10 CFR § 50.4(b)(8)

W483175730.1

British Energy plc 10 Lochside Place Edinburgh EH12 9DF
Telephone 0131 527 2000 Facsimile 0131 527 2277
Registered at the above address Registered Number 162273

EXHIBIT WKS-2
PAGE 3 OF 4

that the TMI-1 fuel has been permanently removed from the reactor vessel, i.e., after AmerGen has determined to permanently cease TMI-1 operations, or (2) NRC has given its written consent to the discontinuance of the funding arrangement contemplated by this letter agreement and a similar letter agreement between AmerGen and PECO of even date herewith. British Energy or PECO shall have the right to demand that AmerGen permanently cease TMI-1 operations rather than using funds available under this agreement for continued operations, provided that, in such event, AmerGen will nevertheless have the right to continue to obtain the funds necessary to assure the safe and orderly shutdown of TMI-1 and to continue the safe maintenance of TMI-1 until AmerGen can certify to the NRC that the fuel has been permanently removed from the reactor vessel.

British Energy hereby represents and warrants to AmerGen that its obligations under this letter agreement are valid, binding and enforceable obligations of British Energy in accordance with their terms (subject to bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and general equitable principles) and does not require the consent, approval or authorization of any Governmental Agency or third party other than those which have been obtained and are in full force and effect (or will be obtained on or prior to the Closing Date); provided, however, that the obligations of British Energy under this letter agreement are subject to and conditioned on the effectiveness of the approval by the Pennsylvania Public Utility Commission of PECO's obligations under a similar letter agreement between AmerGen and PECO of even date herewith.

British Energy hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by British Energy of its obligations hereunder.

The obligations of British Energy under this letter agreement and the obligations of PECO under its letter agreement of even date herewith are several and not joint, and nothing herein is intended to constitute a guarantee by British Energy of the obligations of PECO or a partnership, joint venture or other contractual relationship between British Energy and PECO.

This letter agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to conflict of law principles.

Very truly yours,



Dr. Robin Jeffrey
Executive Director, North America

AmerGen Ownership of Vermont Yankee
PROJECTED INCOME STATEMENT
(\$ THOUSANDS)

	2000	2001	2002	2003	2004	2005
Power Sales - Contract	\$52,699	\$90,761	\$91,718	\$107,324	\$93,955	\$104,139
Power Sales - Other	\$27,428	\$47,267	\$49,309	\$60,046	\$52,662	\$59,401
PPA Buy-Out	XXXX					
Total	\$80,127	\$138,028	\$141,027	\$167,370	\$146,617	\$163,541
O & M	\$47,543	\$113,314	\$95,865	\$112,530	\$120,325	\$98,171
Fuel	\$0	\$6,180	\$6,138	\$14,117	\$18,742	\$20,621
Interest Expenses	\$4,700	\$3,760	\$3,008	\$2,406	\$1,925	\$1,540
Depreciation	\$1,303	\$3,034	\$4,606	\$5,863	\$6,880	\$7,834
Administrative/Other	\$7,818	\$16,714	\$17,909	\$18,998	\$19,266	\$19,932
Total Op	\$61,364	\$143,002	\$127,526	\$153,914	\$167,138	\$148,097
Op profit (loss)	\$18,763	(\$4,974)	\$13,501	\$13,457	(\$20,521)	\$15,443
Income Taxes	\$7,757	(\$2,056)	\$5,581	\$5,563	(\$8,483)	\$6,384
Net Income (loss)	\$11,007	(\$2,918)	\$7,920	\$7,894	(\$12,037)	\$9,059
Net Income (loss) with 10% lower Market Power Price	\$9,398	(\$5,691)	\$5,027	\$4,371	(\$15,127)	\$5,575

Notes: Year 2000 assumes July 1, 2000 closing
Uses Vermont Yankee NERA Market Forecast
Based on estimates of Vermont Yankee operating the plant
Does not show the PPA Buy Out value, which is declared confidential

WKS - 02-22-00

Vermont Yankee Nuclear Power Corporation
PROJECTED MARKET PRICE COMPARISONS 1997 TO 1999
 (\$/MWH)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
VY ERG '97	34.00	35.60	36.70	38.50	39.80	40.20	41.00	41.90	43.20	45.00	45.90	46.80	48.20
VY 1998	34.41	36.19	37.14	37.91	38.95	40.16	40.81	42.46	43.45	44.49	46.31	47.47	48.74
VY NERA '99	33.09	33.11	34.54	36.33	36.79	37.54	39.02	40.48	41.97	43.86	45.48	47.33	49.1
Comparison from 98 to 99	-3.8%	-8.5%	-7.0%	-4.2%	-5.5%	-6.5%	-4.4%	-4.7%	-3.4%	-1.4%	-1.8%	-0.3%	0.7%
Comparison from 97 to 99	-2.7%	-7.0%	-5.9%	-5.6%	-7.6%	-6.6%	-4.8%	-3.4%	-2.8%	-2.5%	-0.9%	1.1%	1.9%

WKS 02-22-00

*AmerGen Responses to 1st Set Formal
Interrogatories and Requests to Produce
Docket No. 6300
February 14, 2000*

Response to Information Request from

Q *CAN AmerGen J-F-053*

Describe AmerGen's policy concerning payment of any of its net income or case flow to its parent corporations, affiliates, subsidiaries, sponsors, holding companies, or any other entity with a financial interest in AmerGen.

A

Other than the text contained in the AmerGen Energy LLC and AmerGen Vermont LLC Agreements, Article 4, neither AmerGen nor AmerGen Vermont has a policy or procedure for distributions to its member companies.

Responsible Individual: Charles Lewis
Position: Vice President and CFO, AmerGen

*AmerGen Responses to 1st Set Formal Interrogatories and Requests to Produce
Docket No. 6300
February 14, 2000*

Response to Information Request from

Q VT DPS AmerGen F-019

Regarding the statement in the NRC License Transfer Application, at page 24, "AmerGen Vermont will have funds sufficient to pay the fixed costs of an outage at Vermont Yankee lasting six months," please provide the following:

- a. A detailed breakdown of the estimated cost of a six-month outage at Vermont Yankee in the format provided in response to (informal) DPS:1-25 (Vermont Yankee Response) or similar format.
- b. The amount of required capital equipment expense assumed as part of the six-month outage.
- c. A detailed explanation of the reason that a six-month outage, rather than a longer duration, is considered adequate for this evaluation.
- d. The sum of the estimated costs for six-month outages for all the plants for which the \$110 million described at page 23 is intended to apply.
- e. Considering Northeast Utilities' recent operating history, does AmerGen believe the probability is zero that all of the plants identified in subpart d above will incur six-month outages concurrently?

A

- a. AmerGen does not use a format similar to the one provided by Vermont Yankee in DPS1-25. The format AmerGen used is provided in response to VT DPS question F-017.
- b. As part of its six month outage expenses, AmerGen does not include capital expenditures because these capital expenditures would need to be commercially justified through a business case.
- c. A six month outage was chosen to demonstrate AmerGen's financial qualifications is consistent with the NRC Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance (NUREG-1577 Rev. 1).
- d. AmerGen currently estimates six-month outage costs at its facilities to be:

Clinton	- \$80 million
TMI - Unit 1	- \$65 million
Vermont Yankee	- \$61 million

As can be seen, the \$110 million is sufficient to cover a six month uninsured outage at any facility without using any profits from other units. The probability of simultaneous uninsured outages at multiple sites is very small.

e. During the most recent problems at Northeast Utilities, the Millstone Units were all shut down however, its other plant Seabrook, continued to operate. This is consistent with our position that non-insured simultaneous shut downs at multiple sites given different technologies have a very low probability.

Responsible Individual: Charles Lewis
Position: Vice President and CFO, AmerGen

WKS - 02-22-00

**Summary of Selected Simultaneous Unanticipated Outages
Lasting Longer than Six Months**

<u>Unit Name</u>	<u>Began Outage Lasting Greater than Six Months</u>
Baltimore Gas & Electric	
Calvert Cliffs Unit 1	April 89
Calvert Cliffs Unit 2	April 89
Public Service Electric & Gas	
Salem Unit 1	May 95
Salem Unit 2	June 95
Commonwealth Edison	
LaSalle Unit 1	September 96
LaSalle Unit 2	September 96
Zion Unit 2	October 96
Zion Unit 1	March 97
Quad Cities Unit 2	October 97
Quad Cities Unit 1	January 98
Northeast Utilities	
Millstone Unit 1	January 96
Millstone Unit 2	February 96
Millstone Unit 3	April 96
Connecticut Yankee	August 96

**Vermont Yankee Nuclear Power Station
Decommissioning Cost Analysis**

**Document V02-1321-002, Rev. 0
Section 3, Page 20 of 21**

- The Period 1 Transition costs represent the initial eight months of post-operation activity and are intended to delimit the holdover operating costs from the pre-decommissioning phase.

**Vermont Yankee Nuclear Power Station
Decommissioning Cost Analysis**

**Document V02-1321-002, Rev. 0
Section 3, Page 21 of 21**

**TABLE 3.1
SCHEDULE OF DECOMMISSIONING EXPENDITURES*
(1998 dollars)**

Year	Period 1		Period 2	Period 3	Post Period 3	Post Period 3	Totals
	(Transition)	(Preparation)	(Decommissioning)	(Site Restoration)	(Dry Fuel Storage)	(ISFSI D & D)	
2012	57,601,014	16,647,285					74,248,299
2013		16,101,478	55,642,303				71,743,776
2014			66,370,721				66,370,721
2015			66,370,721				66,370,721
2016			66,552,558				66,552,558
2017			65,826,737				65,826,737
2018			62,225,089				62,225,089
2019			7,469,467	18,801,926			26,271,392
2020				18,725,183	1,095,885		19,821,068
2021					3,278,671		3,278,671
2022					3,278,671		3,278,671
2023					3,278,671		3,278,671
2024					3,287,654		3,287,654
2025					3,278,671		3,278,671
2026					3,278,671		3,278,671
2027					3,278,671		3,278,671
2028					3,287,654		3,287,654
2029					3,278,671		3,278,671
2030					2,182,787	4,757,415	6,940,202
2031						1,433,809	1,433,809
	\$57,601,014	\$32,748,758	\$390,457,696	\$37,527,109	\$32,804,678	\$6,191,224	\$557,330,379

* Columns may not add due to rounding.

DOCKETED
USNRC

'00 FEB 24 P5:03

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

OFFICE OF THE
GENERAL COUNSEL
ADJUDICATION DIVISION

In the Matter of)
)
Vermont Yankee Nuclear Power Corporation)
)
and)
)
AmerGen Vermont LLC)
)
Vermont Yankee Nuclear Power Station)

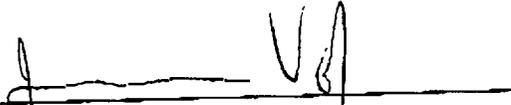
Docket No. 50-271

NOTICE OF APPEARANCE

Please enter the appearance in the above captioned matter of James Volz, Director of Public Advocacy, for the Vermont Department of Public Service.

Dated at Montpelier, Vermont this 23rd day of February, 2000.

VERMONT DEPARTMENT OF PUBLIC SERVICE

By: 
James Volz, Esq.
Director of Public Advocacy

cc: Attached Service List