

**UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION**

**BEFORE THE ATOMIC SAFETY AND LICENSING BOARD**

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In the Matter of )	Docket Nos. 50-247-LR
ENTERGY NUCLEAR OPERATIONS, INC. )	50-286-LR
(Indian Point Nuclear Generating Units 2 and 3) )	
_____ )	November 21, 2012

**DECLARATION OF CORY GRUNTZ**

1. My name is Cory Gruntz. I am employed by Entergy Services, Inc. as the Director of State and Local Taxes. I am submitting this declaration in response to the Atomic Safety and Licensing Board (“Board”) request for the assessed value of Indian Point Energy Center (“Indian Point”) and for the tax rates in the relevant local jurisdictions. Tr. at 2623, 2664 (Oct. 22, 2012). The Board indicated that it requested this information to understand the current tax distributions to these local jurisdictions and how those distributions would change if the Indian Point were to permanently cease operations. Tr. at 2623-24, 2664-65 (Oct. 22, 2012).

2. Entergy has six tax parcels in the Town of Cortlandt:

- 1) Parcel ID# 43.10-2-1 – Indian Point Unit 2, which includes Indian Point Unit 1
- 2) Parcel ID# 43.10-2-2 – Indian Point Unit 3
- 3) Parcel ID# 43.14-2-1.1 – Gas Turbine Site (former back-up power generators)
- 4) Parcel ID# 43.10-2-3 – Generation Support Building (onsite building housing management, engineering, and administrative personnel office space)
- 5) Parcel ID# 43.6-1-1 – NYSERDA Leased Property (discharge canal structure and underlying land)
- 6) Parcel ID# 43.10-1-1 – Easement (Algonquin Gas Transmission Company right-of-way)

The Plant Parcels

3. The first three parcels listed above, Parcels 43.10-2-1; 43.10-2-2; and 43.14-2-1.1 (the “Plant Parcels”) are exempt from real property taxes and subject to payment in lieu of tax (“PILOT”) agreements pursuant to New York Real Property Tax Law § 485. Section 485 grants local governing bodies the ability to exempt nuclear generating facilities from property taxes so that they may avoid disputes over valuation and collect PILOT payments from the owner of such facilities. All New York tax jurisdictions hosting nuclear plants have opted for such agreements to create revenue and budgeting certainty over a longer term.

4. Real Property Tax Law § 485 does not require the assessor to maintain a property tax assessment for the property that has been granted an exemption. However, the 2012 Town of Cortlandt Final Roll indicates a full market value of \$927,419,354 and a taxable assessed value of \$17,250,000 for Indian Point Unit 2; a full market value of \$755,117,849 and a taxable assessed value of \$14,045,192 for Indian Point Unit 3; and a full market value of \$21,588,870 and a taxable assessed value of \$401,553 for the Gas Turbine Site. Because the Plant Parcels are exempt from property taxes pursuant to Section 485, the full market values and taxable assessed values of the Plant Parcels have not been evaluated or challenged by Entergy.

5. The total PILOT payments for the Plant Parcels (*i.e.*, Parcels 43.10-2-1; 43.10-2-2; and 43.14-2-1.1) for the 2012 Tax Year are as follows:

Hendrick Hudson School District	\$ 20,946,000.00
Town of Cortlandt (includes the Fire District)	\$ 914,000.00
Westchester County	\$ 3,030,000.00
Village of Buchanan	\$ 1,964,500.00
	<hr/> \$ 26,854,500.00

6. The PILOT agreements run concurrent with the tax years of the respective tax jurisdictions. As such, the PILOT agreements will expire on: December 31, 2014, with respect to Westchester County and the Town of Cortlandt; June 30, 2015, with respect to the Hendrick Hudson School District; and on May 31, 2015, with respect to the Village of Buchanan.

7. When the current PILOT agreements expire, if no agreement is reached to extend the current agreements beyond their expiration dates, the Plant Parcels will be assessed and taxed under the normal property tax system of the New York Real Property Tax Law. In other words, assessments will be set, the properties will be placed on the tax roll, tax rates will be applied to those assessments to determine payment, and Entergy will have the right to challenge the assessments.

8. In the event Indian Point Units 2 and 3 are forced into a permanent shut-down prior to the expiration of the PILOT agreements, the agreements provide that either party to the agreement may terminate the PILOT agreement, in which case the property will immediately become subject to assessment and taxation under New York's normal property tax system.

9. Under New York's normal property tax system, the local assessor will have to determine the market value of each of the Plant Parcels and set an assessment reflecting that value. Values for commercial and industrial property are typically determined using one or more of three traditional approaches: the income approach; the cost approach; and the market or sales comparison approach. The income approach requires an analysis of the projected revenues and expenses attributed to the property to determine a market value. The cost approach looks to the cost of reproducing or replacing the property, while taking into account the property's age, depreciation, external (economic) obsolescence, and functional obsolescence to determine value. The market approach relies on an analysis of sales of comparable property to determine value.

In the context of a permanent shut-down, the values and assessments should reflect the nuclear generating facilities' inability to operate and produce income, Entergy's decommissioning obligations and the resulting significant decrease in value to Entergy. Because the Plant Parcels have not been subject to an assessment reflecting permanent shut-down, tax payments under New York's normal property tax system for the Plants Parcels after permanent shut-down, and in the absence of or following termination of a PILOT agreement, are not known at this time. However, the value of the Plant Parcels would be significantly diminished in the context of a permanent shut-down.

The Non-Plant Parcels

10. Property taxes for the parcels not covered by the PILOT agreement (*i.e.*, Parcels 43.6-1-1, 43.10-1-1, and 43.10-2-3) are assessed, levied, and collected pursuant to New York's normal property tax system.

11. The effective tax rates, full market values, and the tax amounts for the 2012 Tax Year for the Generation Support Building, Parcel 43.10-2-3, are as follows:

	<u>Effective Tax</u>	<u>Full Market Value</u>	<u>Total Tax Amount</u>
	<u>Rate</u>		
Hendrick Hudson School District	1.803%	\$ 29,462,366	\$ 531,351.76
Town of Cortlandt (includes Fire District Tax)	0.175%	\$ 29,462,366	\$ 51,501.04
Westchester County	0.391%	\$ 29,462,366	\$ 115,233.44
Village of Buchanan	0.574%	\$ 30,196,078	\$ 173,211.50
			<u>\$ 871,297.74</u>

12. For the 2012 tax year, the full market values for Parcels 43.6-1-1 and 43.10-1-1 are \$10,752 and \$24,193, respectively, with a total 2012 tax-year liability for the two parcels of \$831.

13. I declare under penalty of perjury that the foregoing information is true and correct, to the best of my knowledge, information, and belief.

Executed in Accord with 10 C.F.R. § 2.304(d)

Cory Gruntz

Director, State and Local Taxes

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Executed on November 21, 2012

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