



**Testimony Before the House Commerce and Economic Development Committee and
the House Natural Resources and Energy Committee About the Impacts of the
Closure of Vermont Yankee**

**October 28, 2013
Vernon Elementary School**

My name is Chris Company, and I am the Executive Director of the Windham Regional Commission (WRC). With me is Tom Buchanan, WRC Commissioner appointed by the Town of Londonderry, who is chair of our Vermont Yankee Study Committee. On behalf of the Commission, I want to thank the House Commerce and Economic Development Committee, and the House Natural Resources and Energy Committee, for holding this hearing in our region to better understand the impacts of the closure of Vermont Yankee.

The WRC's mission is to assist towns in Southeastern Vermont to provide effective local government and work cooperatively with them to address regional issues. Our region includes 27 towns in Windham, Windsor, and Bennington Counties over an area of approximately 920 square miles. The closure of Vermont Yankee will have impacts throughout the region. The most direct impacts will be experienced here, in Vernon. We appreciate the lead time Entergy has given our citizens and communities to prepare for the significant change that will occur by announcing their intent to close the plant more than a year before the cessation of operations will actually take place.

Today I will present a brief overview of the Commission's history of deliberation on what should happen when Vermont Yankee eventually closes; a summary of what Vermont Yankee and its employees contribute to the region and what we anticipate the most significant impacts will be; a summary of our positions in the Public Service Board docket as those positions support the decommissioning scenarios that we feel are in the best interest of the region; and needs going forward and how the legislature can help.

The Windham Regional Commission has always maintained a neutral position as to whether or not the Vermont Yankee power station located in Vernon should continue operation. We have taken this position so we can facilitate discussions among those on all sides of the issue. We have, however, been very involved in Vermont Public Service Board dockets for several years, arguing not for whether or not the plant should continue operation, but rather for what is in the best interest of the region when the plant does eventually cease operation, whenever and for whatever reason that

might be. Our positions are based upon what was presented by all parties in the dockets, but especially that information shared by Entergy about what it intends to do when it eventually ceases plant operations.

We recognize the important contribution of the Vermont Yankee station to individual municipalities, the Windham region as a whole, the State of Vermont, and communities in the adjoining states of New Hampshire and Massachusetts. Vermont Yankee employs roughly 620 workers in the tri-state area with a payroll of about \$65.7 million. In your binder you'll find a list of the number of employees by town. Vermont Yankee accounts for approximately 2% of employment and 5% of compensation earned in Windham County. It also contributes \$300,000 to \$400,000 in charitable contributions across approximately 100 organizations.

Vernon will experience the most acute effects of the plant closure. In June, 2012 the Windham Regional Commission completed a resiliency plan for the Town of Vernon, funded by a Municipal Planning Grant, advising what steps the town might take to mitigate the impacts of the plant's eventual closure. Through communications with Vermont Yankee personnel, we learned that the total number of employees residing in Vernon was 84, the number of spouses of these employees was 61, and the number of children was 129. These numbers together (employees and their spouses and children residing in Vernon) represent approximately 12.4 percent of the total population of the town. The number of contracted employees residing in Vernon was assumed by Vermont Yankee to be small. The Town of Brattleboro is home to a similar number of employees, but its larger population and more diverse economic base should help the town be more resilient.

Vermont Yankee paid a total of \$1,147,399.96 in taxes to the Town of Vernon for the 2011-12 tax year, which constitutes 48.5% of the total town tax receipts \$2,364,334.22 for that year. The VELCO switchyard located within the Vermont Yankee site was assessed taxes by the Town of Vernon at \$256,000, and the Vernon substation was assessed taxes at \$918,000, with total taxes paid to Vernon by VELCO for the 2011-12 tax year being \$1,174,682.52, or approximately 49% of the total town tax receipts. We have been told by VELCO that the closure of Vermont Yankee will not change the need for the switchyard and substation. Vernon will hopefully be able to negotiate a reasonable tax rate with Entergy, and it will certainly benefit from the significant revenues derived from taxes on the VELCO facilities. That being said, the town will have to adjust its expenditure and revenue expectations and that is always a difficult task.

The station occupies land along the Connecticut River that is of substantial economic value. The long-term beneficial use of this land, especially commercial use, is important to the state and region. It is the WRC's position that any delay in returning this land to productive use following the eventual closure of the plant would have negative effects upon the economy of the state and region.

We recognize that the plant is privately held and as such, the State is not in a position to dictate how the site is to be reused. However, Entergy continues to seek a Certificate of Public Good (CPG) from the Public Service Board (PSB). The positions we have taken in the current and past PSB dockets seek

to mitigate, to the greatest extent possible, the economic, employment, cultural and social impacts of the closure on the region. We seek an outcome that will support the fiscal well-being of our towns, and which will lead to the restoration of the Vermont Yankee site to greenfield status as soon as possible so that it may be reused. Vermont Yankee has been an important economic engine within the Town of Vernon and Windham region since construction began in the 1960's. When operations cease in the fourth quarter of 2014 the regional economy will enter a new phase and change will ensue. The WRC is necessarily concerned with the nature and rate of that change.

The nature and rate of change affects more than jobs, the economy, the tax base, and the restoration of a site. Underlying the aforementioned numbers of employees, spouses and children are relationships. These employees and their families are neighbors, family and friends. They are children in our schools, coaches on our soccer and baseball fields, volunteers in our fire departments, customers in our stores, contributors to causes, and households in our neighborhoods. We feel it is in the best interest of the region to advocate for a decommissioning process that minimizes disruption to these relationships.

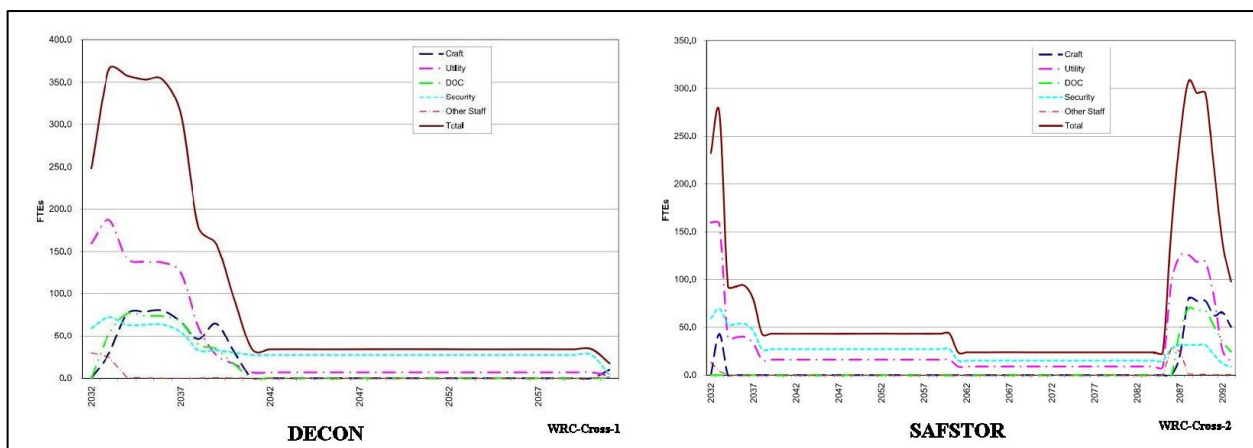
We filed an initial brief on August 16, 2013 focused on three major areas that would support the long-term orderly development of the region. First, WRC sought to have responsibility for operations and decommissioning held jointly and severally by Entergy Nuclear Vermont Yankee (ENVY), Entergy Nuclear Operations (ENO), and Entergy Corporation. Second, WRC sought to ensure the Decommissioning Trust Fund will be adequately funded to cover all reasonable costs associated with prompt and complete decommissioning upon shutdown. Third, WRC sought to clarify the extent of decommissioning and accuracy of the decommissioning budget, such that it will meet standards agreed to by Entergy VY at the time of the sale, and will promptly return the 148 acre industrial site to productive economic use without the use of SAFSTOR.

In our Reply Brief filed with the PSB last Friday, we did not advocate for the granting or denial of a certificate, but we did ask that if a certificate is granted, appropriate conditions be attached to assure adequate funding and prompt and complete decommissioning, as well as shared corporate responsibility. We also asked that whether or not Entergy VY is offered a CPG, conditions necessary to serve the orderly development of the region and the general good should be applied retroactively to that period of time through which the Station has operated without an authorizing CPG. The following are some of the positions stated in the reply brief:

1. Ownership responsibilities and liabilities should be held jointly and severally by Entergy Corporation, Entergy Nuclear Operations, and Entergy Nuclear Vermont Yankee.
2. The Decommissioning Trust Fund is not performing well and is not adequate. If the fund had been performing well relative to costs since the purchase of the VY Station in 2002, it would be sufficient to promptly and completely decommission the site today as was projected by Entergy in 2002.

3. The PSB should require prompt decommissioning and prohibit the use of SAFSTOR as conditions of a CPG, if one is offered. Prompt decommissioning:
 - a. Provides greater certainty, both technically and financially.
 - b. Provides a better economic and workforce profile and is necessary for the orderly development of the region.
 - c. Provides access to a workforce with critical legacy knowledge because no one knows the plant better than those who work there at present.
 - d. Is less expensive.
 - e. Produces less radiological waste, or an equal volume of waste, and there is greater assurance of the availability of appropriate waste disposal and transportation infrastructure.
 - f. Reduces regulatory costs and eases the burden of ongoing emergency management sooner.
4. The PSB should establish a process to clarify the terms of the docket 6545 MOU sharing provision, and should establish a process for approving disbursement of funds from the Decommissioning Trust Fund. The Board’s jurisdiction should be clarified, and the process should be defined that will provide Entergy VY, the State of Vermont, and other parties with clarity as to how the PSB intends to handle approving withdrawals from the comingled Decommissioning Trust Fund.

There has been much interest in the DECON versus SAFSTOR argument since Entergy announced the plant closure, and for the benefit of the public I want to explain in some detail why DECON, or prompt decommissioning, represents the “softer landing.” I’ll begin with workforce implications as that issue ties in with employment, taxes, the local real estate market, and disruption to the social fabric of our communities.



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¹ Docket 7862 WRC-Cross-1 and WRC-Cross-2 are discovery responses provided by Entergy VY that describe employment levels. The DECON graphic is of scenario 3, and assumes the Station shuts down in 2032 with fuel removed by 2060. The SAFSTOR graphic is of scenario 5, and assumes the Station shuts down in 2032 with spent fuel removed by 2060, and the site restored by 2092 (60 years after shutdown).

As Entergy has noted, when the station shuts down the workforce will shrink from roughly 620 to about 250 over a 9-12 month period.² With SAFSTOR, after a brief ramp up to button up the plant, the workforce would quickly drop further to about 50 people.³ If past residency ratios hold true only about 20 of those workers would live in Vermont.⁴ With prompt decommissioning the Station initially employs a larger workforce of approximately 300, which then dissipates more slowly over approximately ten years.⁵ The economic impact studies provided by Entergy suggest that DECON provides a stronger buffer against overall job loss than SAFSTOR.⁶

While not all of the current plant employees will be engaged directly in decommissioning activities, at least some will be, and new jobs will likely become available to other local workers. The decommissioning budget prepared by Entergy's consultant, TLG services, is based on labor contracts at the site and assumes the use of local labor for most decommissioning activity.⁷ Using local labor when possible is less expensive than bringing in outside labor and makes sense from a cost standpoint, but Entergy has not yet committed to actually use local labor.⁸

The more gradual falloff of economic activity associated with DECON offers the region social, economic and fiscal benefits that SAFSTOR does not. And a more gradual exodus of workers would allow the real estate market to absorb houses available for sale, which in turn affects the inventory, price, appraised value, and the property tax of community homes.⁹

Concerning timing of a PSB decision, we note that Entergy, the State of Vermont, and all other parties to the docket have expended considerable resources in the CPG process, and that continuing litigation further burdens each participant and the Board. WRC believes resolution that assures prompt and complete decommissioning would allow Entergy and the State of Vermont to shift resources from non-productive litigation into effective decommissioning operations and support for regional economic development. We also recognize that the Vermont Legislature will return to session in January 2014, and that a concluding Order issued by the PSB before that date would probably aid in developing a negotiated package of legislative solutions to support a smooth transition from operations to decommissioning.

WRC takes a long-view of regional planning and traditional land use decisions. We remain focused on the redevelopment of the VY site whenever it might occur, realizing that a return of this site to productive economic use following closure may be delayed for many decades, even if the site is promptly and completely decommissioned. We recognize the importance of prompt and complete decommissioning of the site from an economic standpoint, but likewise we recognize that as the

² Docket 7862, WRC initial brief, 8/16/13, page 46, finding 96; TR 2/12/13, Vol. I, Cloutier, page 109, line 1

³ Docket 7862, WRC initial brief, 8/16/13, page 46, finding 97; WRC-Cross-2

⁴ Docket 7862, WRC-Cross-36, approximately 40% of the current workforce resides in Vermont

⁵ Docket 7862, WRC initial brief, 8/16/13, page 46, finding 98; WRC-Cross-2

⁶ Docket 7862, WRC initial brief, 8/16/13, page 46, finding 99; WRC-Cross-35, page 9

⁷ Docket 7862, TR, 6/17/13, Vol. I, Cloutier, page 68, line 3; page 69, line 21

⁸ Docket 7862, TR, 6/17/13, Vol. I, Cloutier, page 68, line 16; page 69, line 17

⁹ Docket 7862, WRC-Cross-35, *Resiliency Action Plan*, pages 10-11

generation that benefited from the operation of the plant, we should be responsible for its remediation, and we should not leave that task to our grandchildren's generation.

WRC has not addressed nuclear safety issues, nor are our recommendations grounded in nuclear safety. To the extent the PSB believes desirable conditions requested by the WRC or other parties may be preempted by federal law or not authorized by Vermont statute, we have asked the Board to identify those conditions, and to include a recommendation to the Nuclear Regulatory Commission (NRC) and other regulatory bodies in support of the requested relief. The PSB has spent considerable time reviewing the Entergy petition, and parties have expended great resources in building a solid record. It would be helpful to have the PSB's informed perspective available to the NRC and Vermont legislature, even if only in advisory terms.

Developing an agreement between the state and Entergy will be important going forward as federal statute and regulations allow the NRC to be highly deferential to the plant operators when it comes to how a plant is decommissioned. The rules ostensibly allow the plant to choose how it wants to decommission and public input into the final decommissioning plan is highly limited.

The NRC requires public involvement at specific points in the decommissioning planning process. A public meeting is to be held in the vicinity of the facility after submittal of a post-shutdown decommissioning activities report (PSDAR) to the NRC. Another public meeting is to be held when the NRC receives the license termination plan (LTP). An opportunity for a public hearing is provided prior to issuance of a license amendment approving the LTP or any other license amendment request. In addition, when the NRC holds a meeting with the licensee, members of the public may observe the meeting (except when the discussion involves information that is proprietary, sensitive, safeguarded, or classified). There is no public engagement required beyond these meetings.

Having provided this background, I wish to highlight issues that we believe may be of particular interest to the legislature. Regarding the decommissioning fund, we ask the legislature to be mindful that any funds that are used for activities other than decommissioning will necessarily slow the decommissioning process. At present Entergy maintains a single comingled decommissioning fund, meaning that money for radiological decommissioning, spent fuel management and site restoration is not segregated. Money from the fund that goes towards taxes or any other non-decommissioning use will not be available for investment to build the fund, or for direct expenditure on decommissioning activities. There may be good reason to ask Entergy to use some resources from the decommissioning fund for non-decommissioning activities, but those involved in the conversation should be aware of the tradeoffs.

We must prepare for state, regional and municipal engagement in the regulatory processes surrounding the closure and decommissioning to take several years and possibly decades. Beyond the radiological decommissioning – the demolition and removal of materials contaminated by radiation – are regulated site restoration activities. Precedent indicates that remediation of non-radiological contamination will be a major task. These activities, including monitoring, will be beyond

the purview of the NRC and will fall within the jurisdiction of the Vermont Agency of Natural Resources. In our meetings with the Franklin Regional Council of Governments, whose area includes Yankee Rowe which ceased operation in 1992 and completed decommissioning in 2007, it was underscored how important regional engagement was in the follow up to the closure of the plant, and how state agency engagement in issues associated with water quality and industrial contamination was a major issue.

Taxes will also be an issue. The 2012 Entergy decommissioning estimates include an allowance for post-operation tax payments with the assumption that the property would be assessed as vacant land, and assume average annual property taxes paid to be between \$7,614 and \$16,428. Entergy could have calculated a better approximation of the post-shutdown property tax based on how shuttered nuclear plants in other jurisdictions are taxed, but it did not do so and offered no testimony or evidence in support of the “vacant land” standard. It has vigorously defended this approach in its docket 7862 reply brief filed last Friday. Entergy VY has used a tax rate that is not supportable, and the effect of this tax rate is to substantially under calculate the cost of decommissioning and ongoing management of spent nuclear fuel. This will obviously be a point of discussion between Entergy and the state and the Town of Vernon.

Our conversations with officials who have experienced nuclear plant closures and decommissionings in Massachusetts and Maine underscore the value and importance of regional leadership in public engagement and education, regulatory decision-making and oversight, and economic development planning and implementation. Representing itself *pro se* in the PSB dockets associated with Vermont Yankee, the WRC has spent literally thousands of staff and volunteer hours in support of the effort, the vast majority of which focused on the impacts of the eventual closure and decommissioning scenarios. Of special note is the work of Tom Buchanan, the former chair of our Energy Committee and the current chair of our Vermont Yankee Study Committee. We would not be as prepared today as we are without his commitment and dedication to the interests of the region.

The need for our continued engagement has only increased since Entergy announced its intent to close the plant. We have been an important resource to state agencies, state and federal elected officials, our affected town governments, and the residents of our region to understand the full range of issues associated with decommissioning. We have had no dedicated source of funds for our work related to Vermont Yankee, and we cannot and should not have to continue to rely on dedicated volunteers to support this very important ongoing effort. Providing a regional voice in the forthcoming regulatory oversight process that will be part of the closure and decommissioning, and supporting the economic development planning and implementation needs of our towns, will require resources that are above and beyond what we receive on an annual basis from the state to support all of our statutory responsibilities. And as I mentioned above, the experience of other regions where nuclear power stations have been decommissioned teaches us that this responsibility will be required for several years, if not decades.

It is essential that the Windham Region have a voice in all processes at all levels going forward. The closure of a nuclear power station is fundamentally unlike the closure of virtually any other entity save for a military base. We appreciate the willingness of state officials and agencies to keep us in the loop thus far. However, going forward, we call upon the Governor to establish a transparent deliberative body that will oversee the Vermont Yankee closure and decommissioning for the long term and we ask that the WRC be given a seat on this body. It is our hope that Entergy will be a willing partner in this effort.

We know the plant's closure will have impacts throughout the tri-state area. We have begun conversations with our counterparts in New Hampshire and Massachusetts, laying the groundwork for a tri-state regional response including development planning. We have found our Congressional delegation to be supportive of our positions, and our request for their engagement at the federal level. The Windham Region and Vermont can lead the nation in a conversation about nuclear power plant decommissioning policy. Thus far this year five reactors have ceased operation or announced their intention to do so – two reactors in California, one in Wisconsin, one in Florida, and Vermont Yankee. Several other reactors are expected to cease operation due to their cost of operation relative to natural gas power generators. I don't believe the NRC anticipated so many plants going off line at one time. Old regulations should be revised to address new realities, and to accommodate the needs of host communities.

We have long recognized the significant and diverse impacts the closure of the plant will have on our region, our towns, our families, our friends, our neighbors, our businesses, and our economy. Understanding these impacts, and what might be done to mitigate them and make our region more resilient, is the reason we have invested all that we have into planning for the plant's eventual closure. We stand by to assist our towns with planning for a post-Vermont Yankee future, and to lead a regional resiliency planning effort with our partner, the Brattleboro Development Credit Corporation, which is the regional development corporation. Our ongoing collaboration has only been strengthened through our joint efforts to assist our communities with recovery from Tropical Storm Irene. Mitigating the impacts on the region's economy will require region-wide solutions, and we will continue to participate in and support the Southeast Vermont Economic Development Strategy, and the development of a regional Comprehensive Economic Development Strategy. We must also invest significant resources into building more robust economic development planning elements into the plans of our towns.

We ask and encourage decision makers at Entergy to voluntarily work with the region and our towns to establish a working group through which there will be clear communication about what the plant intends to do, and what those actions mean for our communities. We must all work together to plan for resiliency as the region loses not only a major employer and economic engine, but also many plant workers and families that call our region home.