

STATE OF VERMONT
PUBLIC SERVICE BOARD

Joint Petition of NorthStar Decommissioning)
Holdings, LLC, NorthStar Nuclear)
Decommissioning Company, LLC, NorthStar)
Group Services, Inc., LVI Parent Corp., NorthStar) Docket No. []
Group Holdings, LLC, Entergy Nuclear Vermont)
Investment Company, LLC, and Entergy Nuclear)
Operations, Inc., and any other necessary)
affiliated entities to transfer ownership of Entergy)
Nuclear Vermont Yankee, LLC, and for certain)
ancillary approvals, pursuant to 30 V.S.A. §§ 107,)
231, and 232)

Joint Petition

NorthStar Decommissioning Holdings, LLC, NorthStar Group Holdings, LLC, LVI Parent Corp., NorthStar Group Services, Inc., NorthStar Nuclear Decommissioning Company, LLC (“NorthStar NDC”; all NorthStar entities together, “NorthStar”), Entergy Nuclear Vermont Investment Company, LLC (“ENVIC”), and Entergy Nuclear Operations, Inc. (“ENOI”), by and through their undersigned counsel, respectfully submit this Joint Petition to the Vermont Public Service Board (“Board”), pursuant to 30 V.S.A. §§ 107, 231, and 232, along with supporting prefiled testimony, requesting that the Board approve a transaction by which ENVIC would transfer ownership of the entity named Entergy Nuclear Vermont Yankee, LLC (“ENVY”)—which with ENOI (ENVY and ENOI together, “Entergy VY”) holds a Certificate of Public Good (“CPG”) to own, to operate, and to decommission the Vermont Yankee Nuclear Power Station (“VY Station”)—to NorthStar Decommissioning Holdings, LLC; that the Board set site restoration standards for the acquiring entities as a material part of its review of this transaction; and that the Board issue such other approvals for the transaction as may be necessary.

The central purpose of the transfer is to facilitate an acceleration of the radiological decommissioning and site restoration of the VY Station site by approximately three to four decades compared to the status quo. Entergy VY's December 2014 Post Shutdown Decommissioning Activities Report lays out funding adequacy for a decommissioning timeline commencing 2068, with license termination completed by 2073, and site restoration completed by 2075. Under Entergy VY's current estimates, the decommissioning fund may have a sufficient amount to commence active decommissioning work in the 2050's to the 2060's, allowing the decommissioning and site restoration to be completed in approximately the 2060-2075 timeframe. NorthStar, however, has greater expertise and certain other advantages in decommissioning and dismantling activities and has committed in this transaction to begin active decommissioning and site restoration no later than 2021 (and possibly as early as 2019) and complete those tasks for the VY Station, with the exception of the Independent Spent Fuel Storage Installation ("ISFSI") and VELCO switchyard (and potentially other uncontaminated structures that would be useful in redevelopment), no later than the end of 2030 (and possibly as early as 2026). Entergy VY and NorthStar will seek U.S. Nuclear Regulatory Commission ("NRC") approval for the direct and indirect transfers of control of the NRC-issued operating license and associated authority to possess, maintain, and decommission the VY Station to NorthStar NDC and NorthStar Decommissioning Holdings, LLC. Petitioners expect to apply for NRC approval in February 2017, and expect to request that the NRC issue its approval by December 31, 2017. Petitioners respectfully request that this Board grant the instant Joint Petition by March 31, 2018.

Because the transaction will allow for substantially earlier decommissioning of the VY Station than projected by Entergy VY, enabling a significant portion of the VY Station site to be

available for productive use and accelerating economic and other public policy benefits to the region and state by decades compared to what is projected under the status quo approach, this transaction will promote the public good of Vermont. NorthStar and Entergy represent:

1. ENVY is a limited liability company organized and in good standing under the laws of Delaware. ENVIC, which is also a limited liability company organized and in good standing under the laws of Delaware, owns 100% of the membership interests in ENVY. ENOI is a Delaware corporation that maintains its principal place of business in Mississippi. Together, ENVY and ENOI hold a CPG, as amended March 28, 2014 (the “CPG”), authorizing the companies to own, operate, and decommission the VY Station and as such are companies as defined by 30 V.S.A. § 201 subject to the Board’s jurisdiction.
2. NorthStar Decommissioning Holdings, LLC, proposes to acquire 100% of the membership interests in ENVY, which will then be renamed NorthStar Vermont Yankee, LLC (“NorthStar VY”).
3. To facilitate the sale of ENVY, ENVIC will form a new subsidiary named Vermont Yankee Asset Retirement Management, LLC (“VYARM”). Prior to, or at the time of, closing, the existing credit facilities that ENVY is currently using to fund the construction of the second ISFSI pad and transfer of the remaining spent nuclear fuel from the spent fuel pool to the ISFSI will be assumed by, or transferred from ENVY to, VYARM. On the day before the transaction closing, ENVIC will transfer the membership interests in ENVY to VYARM. At closing, VYARM will transfer the membership interests in ENVY to NorthStar Decommissioning Holdings, LLC, and certain limited assets will be excluded from ENVY that are not needed for NorthStar’s decommissioning and site restoration of the VY Station. VYARM will hold the membership interests in ENVY for no more than twenty-four hours.

4. An affiliate NorthStar company, NorthStar NDC, will perform the decommissioning and dismantling, as well as the site restoration tasks in parallel, following the closing of the transaction.
5. Other affiliates/parents in the NorthStar group include NorthStar Group Services, Inc., LVI Parent Corp., and NorthStar Group Holdings, LLC.
6. Entergy VY and NorthStar propose to enter into a transaction by which NorthStar Decommissioning Holdings will acquire 100% of the membership interests in ENVY and thereby acquire ownership of and all state and federal regulatory responsibility for decommissioning and site restoration of the VY Station. NorthStar Decommissioning Holdings, LLC, by acquiring ENVY, will also acquire indirect ownership of the Nuclear Decommissioning Trust and Site Restoration Trust, which will fund performance of these activities. The VY Station will continue to be owned by ENVY (renamed NorthStar VY), which will also continue to hold the CPG that this Board previously granted.
7. The closing of the transaction is contingent on several conditions, including approval of this Joint Petition and the NRC's parallel approval. After closing, NorthStar NDC will assume operational responsibility for the VY Station on behalf of NorthStar VY, and NorthStar NDC will (along with NorthStar VY) assume ENVY's and ENOI's obligation to decommission and restore the site at the VY Station. NorthStar NDC will also perform the decommissioning and manage the spent nuclear fuel stored at the VY Station site until the fuel is removed by the U.S. Department of Energy ("DOE") pursuant to DOE's Standard Contract for the Disposal of Spent Nuclear Fuel and/or High Level Radioactive Waste with ENVY/NorthStar VY. The parties anticipate that all spent nuclear fuel will have been transferred to Holtec cask systems on the ISFSI prior to the transaction closing, leaving only approximately 2% of the residual

radioactivity in the facility for decontamination and disposition by NorthStar. Accordingly, Petitioners request that the Board amend the CPG previously issued in Docket 7862 to replace ENVY and ENOI respectively with NorthStar VY and NorthStar NDC upon approval of this transaction, thereby substituting NorthStar VY and NorthStar NDC as the entities that will own, operate, and decommission the VY Station in accordance with that CPG.

8. In accordance with the transfer of ownership of ENVY and of the decommissioning operator's responsibility to decommission and restore the site at the VY Station, NorthStar will acquire, among other VY Station assets, the Nuclear Decommissioning Trust and separate Site Restoration Trust that ENVY established pursuant to the Memorandum of Understanding ("MOU") and Settlement Agreement entered into among ENVY, ENOI, and several Vermont state agencies in connection with Docket 7862. (ENVY, ENOI, and Entergy Corporation will, prior to closing, provide notice to the Vermont parties to the Settlement Agreement and seek their consent to assignment of the Entergy entities' obligations under the Settlement Agreement to NorthStar VY, NorthStar NDC, and NorthStar Group Services, Inc.) Consistent with the Settlement Agreement's expectation that site restoration standards would be established, NorthStar is proposing site restoration standards that are fully protective of the environment and public health. The site restoration standards proposed for approval in this transaction are material to the transaction, and Petitioners request that the Board approve the proposed standards as a part of its review of this transaction.

9. Entergy's process, as described in its 2014 decommissioning cost estimate, involves first decontaminating structures (radiological decommissioning), and then later in time demolishing and removing them from the site (site restoration). By contrast, NorthStar will perform radiological decommissioning and site restoration in parallel. For example, NorthStar will

demolish certain concrete structures with low-level radioactive contamination and package them for shipment off site. NorthStar will allocate costs for tasks that accomplish both radiological decommissioning and site restoration as between those two activities. As set forth in the Request for Board Action below, the Joint Petitioners request that the Board modify the Docket 7862 MOU to allow NorthStar to contribute the Site Restoration Trust to a separate segregated sub-account within the Nuclear Decommissioning Trust, and to draw down on the Site Restoration Trust sub-account even while radiological decommissioning is still proceeding, to the extent NorthStar has reasonably allocated tasks and costs to site restoration.

10. In connection with the proposed transaction, NorthStar VY will issue a note (in an amount up to \$145 million) payable to VYARM for amounts that ENVY incurred pre-closing to construct the second ISFSI pad and complete the transfer of the remaining spent nuclear fuel from the spent fuel pool to the ISFSI. NorthStar VY's recoveries from DOE as a result of DOE's partial breach of its contractual obligation to remove spent nuclear fuel from the site will likely be sufficient to enable NorthStar VY to repay that note.

11. The Petitioners represent that the transaction and the accelerated decommissioning and site restoration of the VY Station that it enables will promote the public good, under statutory criteria and Board precedents, as supported by prefiled testimony with exhibits.

In support of this Joint Petition, the Petitioners file the following prefiled testimony and exhibits cited therein:

- a. Testimony of Scott State, Chief Executive Officer and President of NorthStar Group Services, Inc. (NorthStar's technical competence, financial ability to own,

decommission, and restore the site at the VY Station, and role as a fair partner to the State);

- b. Testimony of Jeff Adix, Chief Financial Officer of NorthStar Group Services, Inc. (review of NorthStar's financial position);
- c. Testimony of Dr. Mark Berkman, The Brattle Group (economic benefits from earlier decommissioning and site restoration);
- d. Testimony of Dr. Susan F. Tierney, Senior Advisor, Analysis Group (public policy benefits to Vermont from earlier decommissioning and site restoration);
- e. Testimony of Harry L. Dodson, Dodson & Flinker, Inc. (aesthetic benefits and impact on the region's orderly development of earlier decommissioning and site restoration);
- f. Testimony of Todd Smith, TSSD Services, Inc. (industry decommissioning models and benefits of NorthStar's approach);
- g. Testimony of T. Michael Twomey, Vice President, External Affairs, Entergy Wholesale Commodities (NRC oversight of adequacy of decommissioning funds and Entergy affiliates' prior commitments to Vermont);
- h. Testimony of Steven Scheurich, Vice President, Nuclear Decommissioning, Entergy Wholesale Commodities (transaction background and status quo decommissioning plans of Entergy).

Petitioners respectfully request that the Board:

- a. notify persons entitled to notice of this Joint Petition's filing and of the opportunity for a hearing thereon in accordance with Sections 107, 231, and 232;
- b. schedule a prehearing conference and technical hearing on this Joint Petition;

- c. make findings of fact and conclusions of law with respect to the matters set forth in this Joint Petition and, in accordance with those findings and conclusions
 - (i) approve the transfer of ownership of ENVY in accordance with the material terms of the transaction as described herein, including the resulting transfer of the nuclear decommissioning and site restoration trusts; (ii) grant consent under Section 232 for ENVY/NorthStar VY to issue a note payable to VYARM in the amount of approximately \$145 million; and (iii) approve amendment of the Docket 7862 CPG currently held by ENVY and ENOI to change ENVY's name to NorthStar VY and substitute NorthStar NDC for ENOI;
- d. authorize NorthStar to assume the obligations of ENOI under prior Board orders and CPGs to operate and to perform decommissioning and site restoration at the VY Station, except as modified by the material terms of this transaction and by this Board in approving the transaction;
- e. approve NorthStar's proposed site restoration standards, which are material to this transaction, and which involve a change from the commitment by Entergy VY in the Docket 7862 Memorandum of Understanding not to employ rubbleization at the site;
- f. amend the Docket 7862 Order to allow contribution of the assets of the Site Restoration Trust into a segregated sub-account within the Nuclear Decommissioning Trust, cancellation of Entergy Corporation's obligation to provide a \$20 million guarantee for site restoration, and draw-down by NorthStar VY of the Site Restoration Trust in parallel with draw-down of the Nuclear

Decommissioning Trust according to NorthStar's reasonable allocation of costs of tasks that accomplish both radiological decommissioning and site restoration; and

g. take such other actions as in the Board's judgment are necessary or advisable in connection with the resolution of this Joint Petition.

Dated: December 16, 2016
Montpelier, Vermont

ENTERGY NUCLEAR VERMONT
INVESTMENT COMPANY, LLC and
ENTERGY NUCLEAR OPERATIONS, INC.

By their attorneys,



John Marshall

Elizabeth Miller
Elizabeth Miller PLC
327 Appletree Point Road
Burlington, VT 05408
(802) 522-3090
elizabeth.miller@elizabethmillervt.com

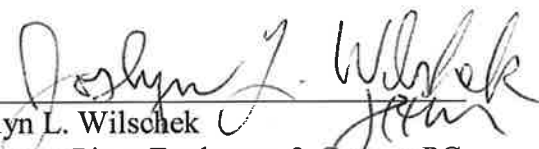
John Marshall
Downs Rachlin Martin PLLC
90 Prospect Street
St. Johnsbury, VT 05819-2241
(802) 748-8324
jmarshall@drm.com

Sanford I. Weisburst*
Ellyde R. Thompson*
Hunter B. Thomson*
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010
(212) 849-7170
sandyweisburst@quinnemanuel.com

Attorneys for Joint Petitioners Entergy Nuclear
Vermont Investment Company, LLC and
Entergy Nuclear Operations, Inc.

NORTHSTAR DECOMMISSIONING
HOLDINGS, LLC, NORTHSTAR NUCLEAR
DECOMMISSIONING COMPANY, LLC,
NORTHSTAR GROUP SERVICES, INC.,
LVI PARENT CORP., and NORTHSTAR
GROUP HOLDINGS, LLC

By their attorneys,



Joslyn L. Wilschek
Primmer Piper Eggleston & Cramer PC
P.O. Box 1309
Montpelier, VT 05601-1309
(802) 223-2102
jwilschek@primmer.com

Attorneys for Joint Petitioners NorthStar
Decommissioning Holdings, LLC, NorthStar
Nuclear Decommissioning Company, LLC,
NorthStar Group Services, Inc., LVI Parent
Corp., and NorthStar Group Holdings, LLC

**pro hac vice* application to be filed

Glossary Of Certain Acronyms Used In Joint Petition And/Or Prefiled Testimony

| | |
|-------------------|---|
| DCE | Decommissioning Cost Estimate |
| DOC | Decommissioning Operations Contractor |
| DOE | U.S. Department of Energy |
| ENOI | Entergy Nuclear Operations, Inc. |
| Entergy VY | ENVY and ENOI, together |
| ENVIC | Entergy Nuclear Vermont Investment Corp. |
| ENVY | Entergy Nuclear Vermont Yankee, LLC |
| HLRW | High Level Radioactive Waste |
| ISFSI | Independent Spent Fuel Storage Installation |
| LLRW | Low Level Radioactive Waste |
| MIPA | Membership Interests Purchase Agreement |
| mrem | millirem |
| NDT | Nuclear Decommissioning Trust |
| NRC | U.S. Nuclear Regulatory Commission |
| PSDAR | Post Shutdown Decommissioning Activities Report |
| SNF | Spent Nuclear Fuel |
| SRT | Site Restoration Trust |
| VYARM | Vermont Yankee Asset Retirement Management, LLC |
| VY Station | Vermont Yankee Nuclear Power Station |
| WCS | Waste Control Specialists, LLC |

17148767.1