

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Docket No. 6545
Investigation into GENERAL ORDER No. 45)
Notice Filed by Vermont Yankee Nuclear)
Power Corporation re: Proposed Sale of)
Vermont Yankee Nuclear Power Station and)
Related Transactions)

**MEMORANDUM OF UNDERSTANDING AMONG ENTERGY NUCLEAR VERMONT
YANKEE, LLC, VERMONT YANKEE NUCLEAR POWER CORPORATION,
CENTRAL VERMONT PUBLIC SERVICE CORPORATION, GREEN MOUNTAIN
POWER CORPORATION, AND THE VERMONT DEPARTMENT OF PUBLIC
SERVICE**

With respect to the above-captioned docket, those entities on behalf of which a signature appears at the end of this document stipulate and agree as follows:

WHEREAS, Entergy Nuclear Vermont Yankee, LLC ("ENVY") entered into an Asset Purchase and Sale Agreement ("PSA") and related documents including a Power Purchase Agreement ("PPA"), dated August 15, 2001, with Vermont Yankee Nuclear Power Corporation ("VYNPC") pursuant to which ENVY has agreed to purchase and VYNPC has agreed to sell certain assets of VYNPC, specifically including the Vermont Yankee Nuclear Power Station ("VYNPS") as described and defined in the PSA;

WHEREAS, VYNPC filed a notice with the Public Service Board ("Board") in accordance with General Order 45 and filed a petition requesting the Board to open a docket to conduct an investigation of the sale of VYNPS to ENVY pursuant to 30 V.S.A. §§ 109 and 209;

WHEREAS, ENVY filed a petition, as amended, with the Board pursuant to 30 V.S.A. §§ 102 and 231 requesting the issuance of a certificate of public good ("CPG") and the approval of the transactions contemplated by the PSA, and specifically the acquisition of VYNPS by ENVY;

WHEREAS, Entergy Nuclear Operations, Inc. ("ENO") filed a petition with the Board, pursuant to 30 V.S.A. §231 requesting the issuance of a CPG authorizing ENO to operate the VYNPS as agent for ENVY;

WHEREAS, in connection with the proposed sale of VYNPS, VYNPC, Central Vermont Public Service Corporation ("CVPS"), and Green Mountain Power Corporation ("GMP") each petitioned and requested the Board to issue a determination that the proposed sale of VYNPS, in accordance with the terms and conditions of the PSA, PPA, and other related documents, is prudent and that the purchase of power by VYNPC from ENVY and subsequent resale by VYNPC to CVPS and GMP, including other products sold under the PPA and costs incurred by CVPS and GMP, are and will be used and useful; and

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Docket No. 8880
Attachment 2

WHEREAS, on January 7, 2002, the Department of Public Service ("Department" or "DPS") filed testimony raising certain concerns regarding the proposed transaction; NOW, THEREFORE, the parties hereto agree as follows:

1. **Additional Power:** The Parties recognize that VYNPC may desire to purchase and ENVY may desire to sell additional energy and capacity produced by VYNPS either at the end of the term of the PPA or during the term of the PPA in the event ENVY is able to produce additional energy and capacity at VYNPS through one or more uprates ("Uprate") of the facility.
 - (a) Within a reasonable period prior to the end of the term of the PPA, ENVY shall give VYNPC reasonable notice of the availability of the energy and capacity as a result of license extension and will provide VYNPC a commercially reasonable opportunity for a period of 30 days to negotiate on an exclusive basis its purchase thereof. In the event ENVY and VYNPC do not reach agreement as to such energy and capacity, and the PPA is otherwise neither modified nor extended, ENVY shall thereafter be free to sell the same without giving VYNPC any further notice and right to negotiate. Except for the obligation to provide notice and engage in good faith negotiations concerning the terms and conditions (including price) for any proposed sale, nothing in this section shall limit ENVY's right to sell energy and capacity produced by VYNPS to VYNPC, any of its sponsors or any third party.
 - (b) Before selling any energy or capacity produced as a result of an Uprate completed during the term of the PPA, ENVY shall give VYNPC reasonable notice of the availability of the energy and capacity as a result of the Uprate and will provide VYNPC a commercially reasonable opportunity for a period of 30 days to negotiate on an exclusive basis its purchase thereof. In the event ENVY and VYNPC do not reach agreement as to such energy and capacity, ENVY shall thereafter be free to sell the energy and/or capacity resulting from such Uprate without giving VYNPC any further notice and right to negotiate. Except for the obligation to provide notice and engage in good faith negotiations concerning the terms and conditions (including price) for any proposed sale, nothing in this section shall limit ENVY's right to sell energy and capacity produced by VYNPS to VYNPC, any of its sponsors or any third party.
2. **Inspection MOU:** ENVY agrees prior to the closing of the sale of VYNPS ("Closing") it will execute and deliver to the Department the Memorandum of Understanding on Cooperation, Notification and Access, in the form which is attached hereto as Exhibit A.
3. **Sharing Excess Funds on Delayed Decommissioning:** If Completion of Decommissioning (as defined below) of VYNPS is delayed beyond the currently expected completion date of March 31, 2022, any Excess Funds remaining in the decommissioning trust funds transferred from VYNPC to ENVY at the Closing, including any gains, losses, or fees on the trust funds while owned by ENVY ("transferred trust funds"), shall be shared between ENVY and electric consumers in accordance with the terms hereof. The Completion of Decommissioning is defined for