

CONTACT: Kelley Smith  
Office: (860) 267-3545  
After Hours: (860) 305-8735

## **Connecticut Yankee Seeks To Ensure Adequate Funding for Decommissioning**

### *Files Response to FERC Initial Decision*

HADDAM NECK, Connecticut, October 16, 1998 -- Connecticut Yankee Atomic Power Company (CYAPCO) is responding today to the August 31, 1998 recommended decision by a Federal Energy Regulatory Commission (FERC) Administrative Law Judge on the Connecticut Yankee decommissioning rate case. This phase of the rate case process allows all parties in this proceeding to take exceptions to the recommended decision and to request modifications.

"We must ensure there are adequate funds to safely decommission the Connecticut Yankee (CY) plant and store used fuel until the Department of Energy meets its legal obligation to remove it," said CYAPCO President and CEO Don Davis, who joined the company at the end of last year to oversee the plant's decommissioning. "We believe our submittal will assist the Commission in making a final decision that allows us to focus on the successful completion of CY's decommissioning."

CYAPCO has requested review by the Commission of the following aspects of the Initial Decision:

- **USED FUEL STORAGE COST RECOVERY.** It is reassuring that the Administrative Law Judge found that CYAPCO would prevail in its lawsuit against the Department of Energy (DOE). However, CYAPCO does not believe it should count on winning its lawsuit to fund the storage of used fuel. The DOE defaulted on its legal obligation to remove and dispose of the fuel earlier this year. As a result, CYAPCO filed a lawsuit to require the DOE to begin removing CY's fuel or pay for the decades-long storage expected before DOE establishes a disposal facility. But if the DOE prevails in the lawsuit, under the recommended decision our children and their children may be paying costs for power generated for our use, and that is not fair. CYAPCO believes that the recommended decision should be changed so that any proceeds CYAPCO receives from the DOE would be used to reduce future, not current, collections. In any event, customers only pay fuel storage costs not paid by the DOE.
- **WASTE DISPOSAL COSTS.** The Initial Decision concludes that the DOE must take, free of charge, certain other radioactive wastes from the plant that can only be disposed of at a DOE facility. Although CYAPCO hopes that this is the case, the DOE has made it clear it has a different view. If the DOE prevails, the Initial Decision will also shift these costs to future generations.
- **MINIMUM NRC FUNDING REQUIREMENTS.** The Initial Decision suggests that total decommissioning cost collections could be set at a level below the minimum amount required by the Nuclear Regulatory Commission (NRC). CYAPCO must have sufficient funds to satisfy NRC regulations and safely decommission the CY plant.
- **ACCELERATED COLLECTION OF FUNDS.** The Initial Decision recommends that the company delay accelerating collections if it has a financial crisis or insolvency while it makes a filing with regulators. This additional regulatory burden is not necessary to protect customers and could create a problem for CYAPCO, whose only asset is the shutdown CY plant.
- **PRUDENCE OF THE SHUTDOWN DECISION.** The Initial Decision's findings regarding the prudence went beyond the scope of this proceeding. The decision to retire the plant was prudent and that was the scope of the proceeding.
- **RETURN ON EQUITY (ROE).** The Initial Decision recommends that the shareholders receive all of their existing investment in the plant over a period of about 9 years, but that the shareholders should receive no return on that investment. Company analysis demonstrated that customers would financially benefit from the plant's shutdown. For that reason, CYAPCO believes that the shareholders should not be punished when there was no financial harm to customers.

The Initial Decision recommends that CYAPCO submit a revised decommissioning estimate with better information. Since much more information has been developed in the two years since the decommissioning estimate was performed, CYAPCO will submit a revised estimate to reflect that new information, as recommended.