

# **Entergy's Sinking Ships: Vermont Yankee, Fitzpatrick and Pilgrim**

## **BACKGROUND – 2.206 PETITION**

In March 2013 CAN submitted an emergency petition to the Nuclear Regulatory Commission (NRC) stating that it should shutter Vermont Yankee, Fitzpatrick and Pilgrim plants because of Entergy's financial instability; its vulnerability compromised the safe operation of these reactors. One day later the NRC asked Entergy to explain its financial position for Vermont Yankee. This was no coincidence. Citizens Awareness Network and other groups representing concerned residents of New York, Vermont and Massachusetts submitted an emergency petition to the NRC concerning Entergy's financial vulnerability and how increasing losses effects safe operation and cleanup of its Northeast fleet of nuclear reactors.

***Nuclear reactors are under the gun of falling energy prices and rising costs to keep an aging fleet of nukes operating.*** Although we knew that economic losses would play a big part in getting the plant to close. Entergy's financial situation continues to worsen every day. In 2013, USB, a Swiss financial analyst, issued a report that found that Vermont Yankee, Fitzpatrick and Pilgrim plants were all undermining Entergy's bottom line. In fact Entergy has only one reactor in the Northeast— Indian Point – that is making a profit – and that plant is subsidizing Entergy's remaining aging fleet of nukes. UBS downgraded Entergy Stock to sell and 10 other financial institutions to hold because of its financial instability.

In its recent SEC filings, Entergy acknowledged that Vermont Yankee is worth less now than when it bought the plant in 2002. Entergy paid close to \$200 million for VY, which was supposedly worth close to \$500 million. Now its value is around \$160 million—and going down. VY is potentially worth less than the condenser replacement that was scheduled for 2016 which will cost upwards of \$100 million. This is serious.

In August Entergy announced that it would shutter Vermont Yankee at the end 2014. Entergy finally announced that the company could lose over \$200 million in the next three years if it kept Vermont Yankee operating. It was our petition to the NRC to open Entergy's books for investigation that was the final straw. It's not a coincidence that just two weeks after our petition was accepted by NRC, Entergy announced the closure. Entergy had been hiding its economic facts from everyone.

## **WHAT DID THE PETITION RAISE?**

***The petition points to the inherent conflict between nuclear safety and Entergy's short-term bottom line at its economically troubled reactors.*** Entergy is likely reluctant to spend money on equipment maintenance and replacement as well as safety improvements. It points to a string of recent equipment failures and emergency shutdowns at the plants and asks the NRC to determine whether there is a connection between these failures and Entergy's economic issues.

The petitioners maintained that Entergy is in violation of NRC regulations by operating two Northeast Reactors at a financial loss. They will make the case that the company's economic problems increase the likelihood of major nuclear accidents at the James A FitzPatrick plant in Oswego, New York and Vermont Yankee plant in Vernon, Vermont, and that the NRC must suspend operations at these reactors. CAN also requested that the NRC investigate the Pilgrim nuclear reactor in Plymouth, Massachusetts to see if it, too, is in violation of the NRC's financial qualifications requirements.

Although NRC did not suspend operations at Entergy's reactors, it accepted our petition. After the NRC staff asked for documentation of the corporation's finances, Entergy went to senior management at the NRC to halt the investigation. Management sent staff a clear message: no investigation into the finances of Entergy or any other nuclear corporation- specifically its merchant plant operators!

### **WHY MERCHANT PLANT OPERATORS?**

Merchant plants like Entergy's sell their power on the open market or through power contracts, but not to ratepayers; it is not a utility. Therefore with no rate base to return to when the corporation's expenses increase, Entergy and other corporation's fortunes rise and fall on the open market. With growing investment in renewables and the costs of solar dropping significantly, sagging energy use, the low cost of natural gas, Vermont Yankee and other nukes are losing money – a lot of money.

With their profit substantially cut and no rate base to turn to, these nukes are in trouble, big trouble; it's estimated that 10% of the nuclear fleet could close in the next few years. Pilgrim and Fitzpatrick in NYS like Vermont Yankee are losing millions of dollars just operating. Many of these reactors are merchant plants. It is essential for the regulator as well as citizens to know the economic viability of nuclear corporations since safety is dependent on constant oversight, maintenance, repairs and replacement of aging components. CAN is concerned that there is a potential conflict of interest between Entergy's bottom line and the upkeep of its aged fleets of reactors.

### **WHISTLEBLOWERS TURN NRC AROUND . . .**

Whistleblowers on NRC staff concerned about the curtailment of their investigation sought out Senators Markey and Sanders to blow the whistle on managements stifling this investigation. Raising questions concerning UBS reports and whistleblower allegations, NRC has done a 180-degree turn around.

Staff has again requested Entergy provide information regarding its financial underpinning and how they impact Entergy's ability to adequately run its Northeast fleet of nukes. If Entergy again refuses to provide the documentation requested (voluntarily), NRC could order a hearing on the issue and compel Entergy to provide the information.

**For more background and the full petition, see:**

<http://www.nukebusters.org/cms-assets/documents/111489-422135.2.206-petition.pdf>