In Win for Ratepayers Federal Government Pays Companies Nearly $160 Million

After 14 years of litigation, the federal government has reimbursed Maine Yankee Atomic Power Company, Connecticut Yankee Atomic Power Company and Yankee Atomic Electric Company nearly $160 million in damages for the costs related to the government’s failure to honor its contract obligations to begin removing spent nuclear fuel and Greater than Class C waste from the three sites by January 1998. These Phase I litigation damages represent damages through 2001 for Connecticut Yankee and Yankee Atomic and through 2002 for Maine Yankee.

The federal government decided not to appeal the U.S. Court of Appeals judgment of May 18th that confirmed the 2010 U.S. Court of Federal Claims awards to Connecticut Yankee in the amount of $39.7 million and to Maine Yankee of $81.7 million; and increased the award to Yankee Atomic to a total of $38.3 million. In YAEC’s case the Appeals Court agreed with Yankee Atomic’s position that the Court of Federal Claims had erred in excluding wet pool storage related costs from the damages award.

Wayne Norton, President of CYAPCO and YAEC and Chief Nuclear Office of MYAPCO, said “We are very pleased that after 14 years of litigation the three companies have recovered for our ratepayers nearly $160 million in costs resulting from the Department of Energy’s failure to remove spent nuclear fuel and Greater than Class C waste from our three sites. These funds, and additional damages claims we hope to recover in the future, will all benefit our ratepayers. We intend to make filings at the Federal Energy Regulatory Commission in the next several months to establish the process by which the litigation proceeds are credited to the ratepayers.”

The damage award funds were transferred from the U.S. Treasury to the three companies and have been deposited into their respective trust funds. Based upon existing regulatory agreements, the funds remaining after the payment of federal and state taxes will be used for the benefit of ratepayers. The three companies plan to make filings with the FERC that will detail their approach for the best way to use the proceeds from the damage awards to benefit the ratepayers.

“While recovering monetary damages from the federal government is positive for the ratepayers it does not result in spent nuclear fuel and Greater than Class C waste being removed from the three companies’ sites. However, we are pleased that in the DOE’s January 11 strategy report the administration supports an integrated nuclear waste management system that includes a pilot interim storage facility with an initial focus on accepting spent nuclear fuel from shut-down reactor sites. We are hopeful Congress and the Administration will move immediately to
implement the report recommendations and we look forward to working with others to bring that about,” said Norton. The ongoing litigation between the three companies and the Department of Energy is being conducted in phases as an earlier U.S. Court of Claims decision ruled that utility companies, such as the three companies, cannot receive damage awards for costs that have not yet been incurred. As a result, the three companies have, and expect to continue to litigate with the DOE every several years to request damages for costs incurred.

The three companies are currently seeking approximately $247 million in additional damages from the DOE in a second round of cases that were filed with the U.S. Court of Federal Claims in 2007. In these Phase II cases, Connecticut Yankee is seeking $135.3 million, Yankee Atomic $76.6 million, and Maine Yankee $35 million. These numbers reflect the damages that Connecticut Yankee and Yankee Atomic incurred from January 1, 2002 through December 31, 2008, and that Maine Yankee incurred from January 1, 2003 through December 31, 2008. The trial was held in October 2011. An initial round of post-trial briefing concluded in May 2012. A second round of post-trial briefing concluded December 17, 2012. It is hoped that Judge Merow will issue his decision in these cases shortly. The three companies anticipate that they will file a third round of damages claims by the end of 2013.

The current annual cost to operate the three Independent Spent Fuel Storage Installations is approximately $7 to $11 million per site. However, that annual cost could well increase as regulations evolve and potentially impose additional requirements on the companies.

The three companies are working closely with their stakeholders to hasten the day when the federal government fulfills its obligation to remove the spent nuclear fuel and high level waste from the three companies sites so that they can be reused for other purposes and the cost burden on ratepayers is lifted.