



Dear Vermonters:

By now I am sure you have read or heard about our recent lawsuit against Vermont for trying to prevent the Vermont Yankee Nuclear Station from operating beyond March 21, 2012, the date that marks the end of the original 40-year operating license provided by the Nuclear Regulatory Commission.

Our lawsuit follows the NRC's recent announcement that it has extended Vermont Yankee's operating license for another 20 years. The NRC's action came after a thorough and exhaustive five-year safety and environmental review of the plant.

I know that Vermonters are deeply divided on the subject of nuclear power. Many of you are supporters of VY, and we appreciate that. Others of you feel strongly that the plant should not continue to operate and, while we do not agree, we respect your views and your right to express them.

For those of you expecting that the remainder of this letter will attempt to convince the skeptics to change their mind about nuclear power or Vermont Yankee, today is not the day for that debate.

Let me begin by explaining Vermont Yankee's recent history. In 2002, our company, Entergy, purchased the power station. When we did, we entered into an agreement with the State that we would secure a Certificate of Public Good from the Vermont Public Service Board if we wanted to extend the license of the plant beyond March of 2012.

That was not a concern to us back in 2002. The Public Service Board is an independent, expert body that uses impartial professional judgment to make such decisions and its decisions can be reviewed by a court.

But four years later in 2006, Vermont passed a law that prohibited the Public Service Board from issuing a Certificate of Public Good to Vermont Yankee unless the General Assembly first approved the plant's continued operation. Each of the bills introduced over the past year to grant such approval has either been voted down or allowed to languish. Whether it's a "no" vote, or no vote at all, the effect is the same. The legislature has denied Entergy the opportunity to secure a Certificate of Public Good from the Public Service Board.

This is obviously entirely different from what we agreed to back in 2002. We agreed to a process in which an independent expert agency would decide Vermont Yankee's future based on evidence and facts developed through an impartial process with the possibility, if necessary, of court review. We did not agree to a process involving the Legislature, which is inherently political.

The state appears to believe that inserting the General Assembly into the approval process was within its rights. We believe it substantially changed our agreement with the State and deprived us of certain critical rights that we relied upon in purchasing the plant. This change is also inconsistent with United States Supreme Court precedent that held that a state cannot involve itself in areas of licensing, operation and radiological safety of nuclear power plants.

Under existing law (then and now), the courts have consistently held that only the Nuclear Regulatory Commission has exclusive authority over nuclear plant operations and radiological safety issues. In fact, in 1983, in a case involving the State of California and a local utility, the Supreme Court specifically ruled that a state could not overrule federal regulatory decisions in these areas. It is the responsibility of the NRC to make these technical judgments on an apolitical basis, based on sound evidence and study as presented by some of the foremost nuclear experts in the world. The state appears to believe it has such authority also.

What do you do when you have this kind of disagreement with a state? The first choice for a company like ours is always to try to work it out, to find some kind of meeting of the minds. That is what we have tried to do—and we have worked at it for over two years. But, in the end the disagreement proved impossible to compromise. Some disagreements are like that—there is no "half-way" that both sides can agree on—particularly in circumstances like this, where the disagreement is rooted in firmly held desired outcomes on both sides.

What we have done now is what we are supposed to do—avail ourselves of the process provided in a nation of laws to resolve disagreements like this one. We mean no disrespect by this action. We seek only a resolution of our disagreement with the state and we will abide by the results of the judicial process.

Now that this matter is before the court, we are obliged to say less, rather than more, until the dispute is resolved. But you will surely hear harsh criticisms from some of our critics, including some public officials, who have been engaged in a war of words for sometime against Entergy and Vermont Yankee. It is seldom appropriate or productive to respond in kind, and we will not. We look forward to the full, fair, and independent review that we expect to receive from the courts that consider our case.

And let me note that many of our critics have been thoughtful and civil. They have written to ask me with genuine conviction, why Entergy will not simply respect the wishes of those Vermonters who do not want a nuclear plant in their state? But we believe, with equally strong conviction, that the authority to decide whether a nuclear plant should be allowed to operate resides under the U.S. laws and Constitution exclusively with the Nuclear Regulatory Commission, the federal government's body of experts who make their decision on an apolitical, scientific basis. While it may appear self-serving, it is in the best interest of Entergy for independent experts to take a hard look at a re-license request. The last thing we want to do is operate a nuclear plant that is not safe in every aspect.

I understand the frustration of those who feel the State should be able to decide for itself whether it even wants a nuclear power plant in its state (regardless of whether it's found to be safe to operate by the federal experts and authorities). But what if the General Assembly were to decide that it didn't want to let its citizens serve in the nation's armed forces, or to comply with the Voting Rights Act? What if it were to exempt the state from federal decisions about the right of privacy, or the right against self-incrimination? Granted these are issues far, far more important than "nuclear power", but the principle that we are a nation of laws is the same.

If the federal courts agree with our interpretation of events and the law, then we will have the right to operate our facility just like any other business that has all of its required permits. If they do not support our view, we will comply with their ultimate decision. But, for now, we have responsibilities to 650 dedicated employees at that plant, to local communities, to businesses that depend on reasonably priced electricity, as well as to our investors, to defend the principles of law that we believe allow Vermont Yankee to operate under its federal license.

We wish things were different. But this is the situation that confronts us, and we have no choice but to move the debate to the forum provided under the law.

I appreciate sincerely your listening to our views and considering them.

I encourage you to visit [www.entergy.com](http://www.entergy.com) for more information.

Sincerely,

A handwritten signature in black ink that reads "J. Wayne Leonard". The signature is written in a cursive, flowing style.

J. Wayne Leonard,  
Chairman and Chief Executive Officer, Entergy Corporation