

TESTIMONY OF BILL SHERMAN, PUBLIC OVERSIGHT PANEL MEMBER
HOUSE NATURAL RESOURCES AND ENERGY and SENATE FINANCE

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Our basic finding is that VY can be operated reliably in the future but there must be some verification process to determine that our recommendations and NSA's recommendations are correctly incorporated.

We found that historically, VY is a top operator from the reliability standpoint. This is true even with the high visibility events of the transformer fire and cooling tower collapse. For that reason we asked the question, "Are these high profile events indications that VY's good past performance is about to degrade into unacceptable reliability?" Our answer is, "No, these events are not indications that VY's good past performance is about to degrade." However, we do feel that the various recommendations must properly be put into effect.

We found that the intent of Act 189 was met.

You need to know that the requirements created by Act 189 were very difficult to meet. This is true both of the content of the requirements and the schedule for the requirements. Finding on relatively short notice a group of qualified inspectors with no connection with Vermont Yankee for 3 years that could do the inspection and get the report out on schedule was a difficult task, and the Department should be commended on finding and engaging the NSA team.

Having made that statement, we characterize NSA's performance as "adequate." In our report, we identify some areas where we would have preferred a little different performance. For example, NSA only met the Act's goals with regard to deviations and new plants in response to the Panel's questions, and not in the original report. Some of us Panel members with institutional history of the plant would have preferred NSA to have found and commented on additional documents.

Nevertheless, the NSA team did a credible job in evaluating the reliability of the plant. The legislature got what it asked for – an accurate assessment of VY's reliability.

Regarding our oversight role, we believe it was effective. We had a great impact on the scope of the NSA assessment, assisting to create an inspection that was effective and but not overtly wasteful. We had weekly conference calls with NSA during the assessment. We were able to ask questions and give suggestions on direction. We had access to all the documents given to NSA. Two of us took advantage of these documents and spot checked base data. I guess I would like to add that I feel the individual qualifications of my colleague panel members brought a unique and beneficial view to this important decision.

We identified a number of technical issues, mostly highlighting NSA findings embedded within its report. I think our most important finding relates to the causes for the transformer fire and cooling tower collapse. In both events, there was experience available that could have informed the inspection processes of the cooling tower and the isophase bus – the cause of the transformer fire. Had full inspections been performed, the events could have been prevented. We feel Entergy needs to give more attention to operating experience and inspections in the nonsafety area.

One important finding is the difficulty this legislative approval process is creating for VY. The uncertainty has created delayed commitment of expenditures to improve the condenser. The uncertainty also has a negative effect on attracting and maintaining the VY workforce. Top people won't choose the risk of a dead end career move. This is a problem of Entergy's own creation, however, by its failure to provide a power purchase agreement that reasonably balances its operating costs, expectation of some profit, and the risks incurred by Vermonters by the location of the plant within its borders. Because of its detrimental effect on reliability, we feel the Entergy and the legislature should get this decision made this year, one way or the other.

Finally we feel that a credible verification process is necessary, if VY license renewal is granted. As a Panel, we didn't try to define how this verification could be accomplished, other than the general guidelines in our Report (and Executive Summary). I don't feel that new governmental institutions are necessary to accomplish this verification. We identified in the Report currently defined governmental roles for DPS, the Public Service Board and VSNAP. I note that the Department has proposed in the PSB proceeding a method of verification with continuing involvement of NSA, periodic public reports, and the ability of members of the public to bring cases at the Public Service Board if there are issues with fulfilling the recommendations and the verification. This proposal seems to meet the guidelines we identified as a Panel. At any rate, we have sufficient, existing institutions – if we don't feel they are giving us the verifications we need, we should adjust them to get what we want rather than create new institutions.