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April 9, 2012

Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, VT 05620-2701

Re: Docket No. 7440: Petition of Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc., for amendment of their Certificates of Public Good and other approvals required under 10 V.S.A. §§ 6501-6504 and 30 V.S.A. §§ 231(a), 248 & 254, for authority to continue after March 21, 2012, operation of the Vermont Yankee Nuclear Power Station, including the storage of spent-nuclear fuel

Dear Mrs. Hudson:

On behalf of Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc. (together, "Entergy VY"), we respectfully submit this letter in response to the Department of Public Service's reply letter dated April 9, 2012.

Entergy VY recognizes that payment of monies into the Clean Energy Development Fund ("CEDF") is a condition of the 2005 Docket No. 7082 Dry Fuel Storage Memorandum of Understanding, between Entergy VY and the Department of Public Service (the "Department") dated as of June 21, 2005 ("2005 MOU"). At the same time, the predicate for the application of that condition is the application of 3 V.S.A. 814(b) to allow Entergy VY to continue operating and storing spent nuclear fuel derived from such operation. Although the Department and Entergy VY agree that Section 814(b) applies, the Board's Order of March 19, 2012, rejects that position. Moreover, there is a bill pending in the legislature that proposes to increase the generation tax to be paid by Entergy Nuclear Vermont Yankee, LLC in order to replace the CEDF payments.

Given the uncertainty surrounding Section 814(b)'s applicability and the status of that tax bill, Entergy VY will post the CEDF payments with an escrow agent, under an Escrow

Agreement that will direct the escrow agent to pay the escrowed sums to the CEDF if (1) there is a final decision by the Board or a reviewing court (a) that Section 814(b) applies or (b) granting Entergy VY a certificate of public good to operate the Vermont Yankee Nuclear Power Station and store spent nuclear fuel derived from such operation through March 21, 2032; and (2) the State of Vermont does not impose a tax or other charge above and beyond the CEDF payment schedule set forth in the 2005 MOU of \$625,000 per quarter (and the remaining CEDF payment for 2012 due on March 31, 2013 under the Docket No. 6812 Memorandum of Understanding).

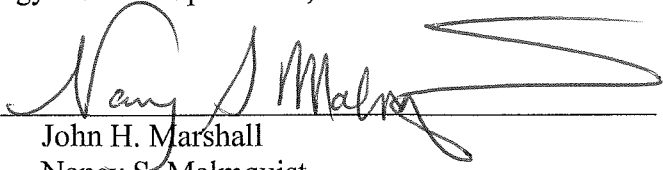
Entergy VY will provide the Escrow Agreement to the Department before the close of business on Wednesday, April 11, 2012, and intends to fund the escrow account with the initial escrow payment of \$625,000 shortly thereafter.

Thank you for your attention to this matter.

Very truly yours,

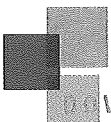
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