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Economic Study Highlights Historic and Continuing Profitability of Millstone Nuclear Plant, Subsidy will Cost Connecticut Ratepayers Hundreds of Millions Each Year

Third-Party Study Conducted by Energyzt Demonstrates Increased Rates for Consumers if S.B. 106 is Passed

Hartford, CT – The Stop the Millstone Payout coalition today released a third-party economic analysis showing the tremendous profitability of the Millstone nuclear plant, in addition to the economic cost of the corporate payout created by S.B. 106 for Connecticut ratepayers.

The analysis, performed by Energyzt Advisors, LLC (Energyzt) demonstrates that Millstone has been highly profitable since the plant was acquired by Virginia-based Dominion Resources, generating an average rate of return substantially higher than what is typically allowed for regulated utilities. Financial projections confirm that Millstone will continue to be profitable, even in current market conditions - and is not only highly unlikely, but unable, to retire anytime in the foreseeable future.

The detailed financial study further indicates that a corporate payout for Millstone could represent a wealth transfer of up to $300 million per year – which represents a 15-20 percent increase above retail supply prices seen in 2016, a cost that will be passed along to Connecticut residents and businesses if approved.

"This financial assessment indicates that Millstone nuclear plant is highly profitable for its corporate owner, the Virginia-based Dominion Resources," said Tanya Bodell, Executive Director of Energyzt and author of the study. "Any corporate payout from Connecticut consumers will provide no incremental benefit and will only transfer wealth from ratepayers to Millstone's shareholders. Millstone is not at a risk of closure as a result of its existing capacity supply obligation to ISO-NE, and it is not at risk of closure for financial reasons. The plant could receive around $800 million in guaranteed annual revenue over the next five years if it chose to hedge using market solutions versus a legislative mandate."

The Stop the Millstone Payout coalition concludes that this is a payout we simply cannot afford. Connecticut residents need to ask their legislators to stop the Millstone payout.

PROFITABLE, NOW AND IN THE FUTURE

Millstone has been consistently and hugely profitable, with after-tax net income that exceeded $150 million just last year alone, and has produced an average annual rate of return above 25 percent for

Dominion. Millstone enjoyed extremely high returns before natural gas prices fell, and the plant was able to maintain profitability in recent years through successful (and voluntary) financial hedging strategies. Even in years with lower energy prices, Millstone contributed earnings to Dominion shareholders' bottom line: "Millstone has generated substantial returns on equity, earning an estimated $2.5 billion in EBITDA and around $760 million in after tax income during the past five years alone."

The report also notes that, "When future capacity prices in ISO-NE are combined with reasonable projections of energy prices for the next five years, it is clear that Millstone will continue to be profitable," earning after tax income of close to $400 million over the next 5 years. The findings additionally show that the plant will soon receive nearly $800 million in additional capacity revenue from ISO-NE through May 2021, which could be combined with market-based hedges to guarantee profitability: "Under these base case projections, Millstone is anticipated to earn close to $400 million in after-tax income over the next five years, or $80 million per year. . . Thereafter, ISO-NE's sponsored price projection results in closer to $200 million per year in after-tax income through 2030."

CONNECTICUT RATEPAYERS LOSE

The report also notes that if the General Assembly approves Senate Bill 106, "Connecticut ratepayers lose" because "any out-of-market support to Millstone will simply be a wealth transfer from Connecticut ratepayers to Millstone equity holders for no incremental benefit."

The only impact the Millstone bill will have on ratepayers will be to raise wholesale electricity supply costs 15 to 20 percent, an increase in cost that would add to the already high burden that Connecticut homeowners, businesses and municipalities bear when it comes to electricity rates.

MILLSTONE IS NOT GOING TO RETIRE

In addition to the fact that "there is no economic basis for Millstone to retire," at least through 2030 under ISO-NE price projections, Energyzt also explains why Millstone cannot retire until at least 2022 under federally-approved rules administered by ISO-NE, the regional grid operator. Under ISO-NE rules, if Millstone had wanted to retire as of that date it would have had to inform ISO-NE last month, which means Millstone is effectively required to continue to operate through at least May 31, 2022. Even if the plant wanted to retire, ISO-NE has the ability to offer the plant financial support in order to maintain the reliability of the region's power grid.

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The report was compiled by Energyzt, a global collaboration of experts in the energy field, using publicly available information gathered from Virginia based Dominion's quarterly reports and other public sources. For further information on Ms. Bodell, see: http://www.energyzt.com/bodell.html. **To read the report in its entirety, click here**.

About Tanya Bodell: Tanya Bodell is the Executive Director of Energyzt and oversees advisory services. For nearly 25 years, Ms. Bodell has provided business advice and expert support to energy clients, interacting extensively with executives and senior management of energy companies, and adding value through development of business strategy, expert insights, and transaction support. Ms. Bodell regularly speaks and writes articles on industry topics as a regular columnist for Pennwell Publications' Electric Light & Power, offering bi-monthly insights on economic, policy and business dynamics impacting energy markets. She has a M.B.A. from the Massachusetts Institute of Technology, a M.A. in Public Policy from the University of Chicago, and a B.A. in Mathematical Economics from Pomona College.