



# Public Service Commission of Wisconsin

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## **PSC Approves Sale of Kewaunee Nuclear Power Plant With New Conditions**

MADISON – The Public Service Commission of Wisconsin (PSC) today approved the sale of the Kewaunee Nuclear Power Plant saying that the transaction will provide substantial economic benefits for ratepayers while the new conditions ensure that the citizens of Wisconsin will have a voice in the future of the facility.

Today's unanimous decision approving the proposal by Wisconsin Power and Light Company and Wisconsin Public Service Corporation to sell the nuclear power plant to Dominion Resources Inc., a Virginia-based company, for \$220 million provides a number of economic pluses for ratepayers.

Under the sale agreement, ratepayers will see a direct impact from the sale when approximately \$193 million from one of the decommissioning funds is returned to them following the sale. Ratepayers will not be saddled with the possible costs of running and maintaining the aging facility and costs associated with re-licensing the nuclear power plant.

In addition, the terms of the sale lock in current low energy rates through at least 2013 for the power purchased from the Kewaunee Nuclear Power Plant after the sale.

Today's approval reverses a December 16, 2004 Commission order, on a two to one vote, rejecting the sale of the Kewaunee Nuclear Power Plant. On December 20, 2004, Dominion petitioned the Commission to reopen the case and added new conditions to the original transaction.

The Commission determined that the new conditions provide necessary assurances that Wisconsin will have a voice in the future of the nuclear facility. They addressed subsequent sales of the power plant, returning remaining decommissioning funds and financial guarantees for purchase power agreements with the two utilities.

- **Subsequent Sales:** The new conditions will provide a role for the PSC to determine that future purchasers have the financial stability to operate a nuclear power plant. The conditions establish a legal procedure to insure that conditions, like the agreement not to

import radioactive wastes and to return the site to a greenfield after decommissioning, will follow to future owners.

- **Decommissioning Funds:** Over the years, ratepayers paid into two funds that were created to set aside the money necessary to decommission the plant. Under the original agreement, Dominion receives approximately \$400 million from one of the decommissioning funds and \$193 million will be returned to ratepayers from the other fund following the sale. In addition, any unused portion of the \$400 million would be returned to ratepayers after decommissioning.
- **Financial Guarantees on Purchase Power Agreements:** The new conditions would also increase economic security for ratepayers by increasing the amount Dominion guarantees to pay the two utilities if they cannot provide the power promised in the purchased power agreement. Wisconsin Power and Light Company and Wisconsin Public Service Corporation have agreements with Dominion to purchase power at current costs through 2013.

After the sale, the Kewaunee Nuclear Power Plant will operate as a merchant power plant, but there will be little change to the day-to-day oversight. Currently, the federal Nuclear Regulatory Commission oversees the power plant's daily operations and the safety of the Kewaunee facility and the state PSC regulates the economics of the utilities operating the power plant.

After the sale, the Nuclear Regulatory Commission will continue to regulate the operations and safety of the Kewaunee Nuclear Power Plant. The PSC will have oversight over Wisconsin utilities that purchase power from the Kewaunee Nuclear Power Plant. With the new conditions in the transaction, the PSC will also have a role in future sales of the nuclear facility.

The Kewaunee Nuclear Power Plant is a 543 megawatt generating facility that started operation in 1974. The plant's operating license from the Nuclear Regulatory Commission expires in 2013.

The Commission will issue an order on today's decision at a later date.

(END)