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NEWS RELEASE

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Damages Trial Begins on DOE Failure to Remove Decommissioning Plant Spent Fuel

Damages sought from DOE are on behalf of regional electric customers who pay for continued fuel storage at three shutdown nuclear plant sites in Massachusetts, Maine and Connecticut

Rowe, Massachusetts/Wiscasset, Maine/Haddam, Connecticut – July 12, 2004. The trial to determine the monetary damages to three New England decommissioning plants for the Department of Energy's (DOE) continued failure to remove used nuclear fuel from their plant sites began this morning in the U.S. Court of Federal Claims in Washington, D.C. The trial is expected to last approximately seven weeks.

Yankee Atomic Electric Company (YAEC), Maine Yankee Atomic Power Company (MYAPCo), and Connecticut Yankee Atomic Power Company (CYAPCo) filed litigation in 1998 charging that the federal government breached contracts it entered into with each company in 1983 under the Nuclear Waste Policy Act of 1982. Under the Act, the DOE was to begin removing spent nuclear fuel from the Yankee Rowe, Maine Yankee and Connecticut Yankee nuclear plants no later than January 31, 1998 in return for payments by each company into the Nuclear Waste Fund. The funds for those payments were collected from regional electric customers.

Two federal courts, including the Court of Federal Claims, found that the government did breach its contract with the three companies and other utilities. The upcoming Court of Claims trial is to determine the amount of damages owed to each company.

“If this litigation is successful, it will provide some financial relief to the electric customers who bear the increasing costs to store fuel at these sites as a result of the DOE's failure to meet its legal obligations,” said Bruce Kenyon, CEO of YAEC and CYAPCo. “But the best solution for reducing the ongoing financial burden is for the government to remove the fuel.”

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Ted Feigenbaum, President and CEO of MYAPCo added, “We are urging that the spent fuel and high-level waste at single unit shutdown plants undergoing decommissioning, such as Yankee Rowe, Maine Yankee and Connecticut Yankee, be used as part of a pilot program to demonstrate the DOE’s waste acceptance and transportation program at the earliest possible date. This would be consistent with the provision in the 1983 contract giving priority acceptance to fuel from decommissioned plants. Removing the fuel and waste from these shutdown reactors – where it is packaged in transportable canisters – would eliminate not only the cost to store and protect the fuel, but the need to provide round-the-clock security at sites that are no longer producing electricity.”

The three Yankee companies’ individual damage claims are specific to each plant and include costs through 2010 – which is the earliest date the DOE projects to begin removing fuel. The YAEC damage claim is \$191 million, the MYAPCo claim is \$160 million and the CYAPCo claim is \$197 million. The damage claims reflect enhanced security measures required since 9/11 to safely store and protect the used nuclear fuel until it is removed. The claims also note additional costs that will be incurred for each year fuel remains at the sites beyond 2010.

If the companies prevail in these cases, any damages awarded by the Court of Federal Claims will be credited to their respective decommissioning or spent fuel trust funds and any remaining funds returned to electric ratepayers when decommissioning is complete.

The fuel at Yankee Rowe and Maine Yankee has been transferred to dry cask storage as part of the effort to safely store and protect the fuel until it is removed. Connecticut Yankee is in the process of transferring fuel to dry storage. Physical decommissioning is scheduled to be completed by early 2005 at Maine Yankee, mid 2005 at Yankee Rowe, and by the end of 2006 at Connecticut Yankee.

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