July 7, 2017

The Honorable Dannel P. Malloy
Governor of Connecticut
Office of the Governor, State Capitol
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Malloy,

Dominion Energy has been honest this entire legislative session. Our opponents have not. Their latest letter is further proof that they are purposefully misleading policymakers for their gain at the expense of Connecticut ratepayers.

First, they claim that “MIT recently concluded...” MIT did not conclude anything. A graduate student from MIT wrote a “working paper” on early nuclear retirements. [link](https://assets.documentcloud.org/documents/3723775/MIT-Early-Nuclear-Retirement-3-2017.pdf). The thesis from the paper is that “avoiding the irreversible shutdown of nuclear assets is essential to minimize cost and damage to the environment while ensuring long-term security of supply.” The author listed his assumptions of the profitability of every operating nuclear facility. What our opponents fail to mention is that of the top ten most profitable plants over the next three years according to the author’s assumptions, six of them have already announced premature retirements due to unfavorable economics. Connecticut should not take solace that Millstone is one of the remaining four plants in the author’s top ten most profitable that has not announced an early retirement yet.

Second, they claim that a recent report from an industry analyst showed CT ratepayers would be on the hook for $300 million each year for any support provided to Millstone. Why didn’t they cite the report? How could anyone come up with a figure if they do not know what Millstone would bid in the process? What we know, is that the proposed legislative language would have created a competitive solicitation for power. Millstone would have been allowed to compete. If state regulators determined Millstone’s bid was a good deal for ratepayers it could have been selected. If not, they would reject it. Dominion is confident Connecticut’s energy regulators would protect ratepayers from a $300 million surcharge. Moreover, Dr. Susan Tierney from the Analysis Group authored a report stating that ratepayers in New England would pay an additional $6.2 billion without Millstone operating between now and 2030. That is more than $500 in extra electricity costs for every household in Connecticut.
Third, they wrongly claim that ISO-NE said Millstone has an “obligation to operate through May 2022.” ISO-NE confirmed what Dominion has been saying. Millstone has a Capacity Supply Obligation through 2021. What’s more, ISO-NE clearly said that Dominion can seek to transfer the obligation. Further, ISO-NE adamantly stated that they “do not have the authority to prevent a resource from retiring.”

Fourth, neither Dominion nor Connecticut policymakers have ever said that Millstone is a renewable resource like wind and solar. Moreover, the legislative language contemplated clearly delineated that Millstone would not compete against those types of technologies. Our opponents are once again being fast and loose with the truth.

Fifth, our opponents champion the do nothing approach. They hide behind DEEP’s Comprehensive Energy Strategy that was due almost a year ago and suggest doing nothing until it comes out. Why? Simple, all of the signatories to the letter benefit financially if Millstone closes. Their assets and projects become more valuable and viable. That is good for their shareholders. It is bad for Connecticut ratepayers who already pay among highest rates in country and would have a devastating impact on all Connecticut businesses and the economy.

Finally, it is surprising to us that Connecticut’s two utilities have signed this misleading letter lamenting the high cost of electricity. They have continuously failed Connecticut ratepayers by providing them some of the highest electric rates in the continental United States. Dominion Energy is a utility too. We serve 2.6 million electric customers in Virginia and North Carolina. In fact, according to the U.S. Energy Information Administration (US EIA) June 2017 report, Dominion Energy residential customers in Virginia pay 77.5% less than residential customers of Eversource and Avangrid in Connecticut. What’s more, Connecticut’s industrial rates are 150% higher than Dominion Energy Virginia’s industrial rates.

We know how to deliver low rates and have a track record to prove it. We remain committed to work with you to address the issue of high electric rates in Connecticut and the future of Millstone in the current budget session.

Sincerely,

Paul D. Koonce
CEO, Power Generation Group
Dominion Energy
Cc:
The Honorable Len Fasano, Senator
The Honorable Martin Looney, Senator
The Honorable Joe Aresimowicz, Speaker of the House
The Honorable Themis Klarides, House Republican Leader
The Honorable George Jepsen, Attorney General
Consumer Counsel Elin Katz, Office of the Consumer Counsel
Commissioner Rob Klee, DEEP
Chairwoman Katie Dykes, PURA
The Honorable Bob Duff, Senate Majority Leader
The Honorable Matthew Ritter, House Majority Leader