SEABROOK STATION
2004 ANNUAL FILING

APPLICATION OF FPL ENERGY SEABROOK, LLC FOR APPROVAL OF DECOMMISSIONING FUNDING SCHEDULES

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I. Summary

Pursuant to RSA 162-F, FPL Energy Seabrook, LLC ("FPLE Seabrook"), in its capacity as managing agent of the Seabrook Nuclear Power Station ("Seabrook plant" or "the plant") hereby submits to the Nuclear Decommissioning Financing Committee ("NDFC" or the "Committee") the 2004 Annual Report of the Seabrook Plant Decommissioning Trust Performance and funding schedules for all joint owners of the plant, the analysis for which was prepared by Prime Buchholz & Associates ("Prime Buchholz").

Since the Committee's Final Order in Docket No. 2003-1 issued on December 17, 2003 establishing the updated cost to decommission the plant and the appropriate funding schedules designed to achieve the targeted fund balance at the time the funds are needed for decommissioning (the "Final Order"), there have been no substantive changes to (1) the fundamental assumptions underlying the cost to decommission the plant, or (2) the financial assumptions embedded in the funding schedules, and the Decommissioning Trust Fund ("Decommissioning Fund" or "Fund") has performed approximately as projected in last year's comprehensive filing. Accordingly, FPLE Seabrook herein proposes that the Committee adopt a schedule of payments for the owners that maintains those same underlying assumptions in all respects. More specifically, the projected cost of decommissioning, inflation, escalation and earnings assumptions used in this filing as the basis for the proposed funding schedules are all the same as approved by the Committee in Docket 2003-1.

While the fundamental assumptions have not changed, in this filing, FPLE Seabrook has attempted to improve on the presentation of the information. For example, as explained in more detail below in Part II(D), the TLG decommissioning cost estimate has been adjusted so that the year-end 2003 decommissioning cost estimate now appears in the Prime Buchholz summary funding schedule in the row corresponding to the year-end 2003 Fund balance. This change should provide for more straightforward analysis of how the Fund is performing in relation to the target decommissioning cost. FPLE Seabrook's goal is to provide the Committee with information in a manner that is as meaningful and clear as possible, and we view this change as advancing that goal.

In addition to the current and targeted balances in the Decommissioning Fund established to accrue the amounts necessary to decommission the Seabrook plant at the end of the plant's operating life, this application also contains the Prime Buchholz schedule of payments proposed in this filing to meet the targeted Fund balance and accompanying analysis (Attachment A), and a chart reflecting the projected balances in the funding assurance escrow account (Attachment B).

For purposes of providing the Committee with a summary of the status of the Fund and escrow accounts, and a comparison of how that status compares to prior projections, below is a chart reflecting the current projections in comparison to those approved in the 2003-1 docket:

COMPARISON OF NDFC DOCKET 2003-1 PROJECTIONS
WITH CURRENT PROJECTIONS (DOCKET 2004-1)
($000,000)

		2003	July 2004	2004	2007	2015	2026
1	Projected Trust balance from last NDFC approved schedule of payments	286	301	313	407	828	1,790
2	Actual Trust balance/ current projected balance	294	300	310	404	827	1,779
3	Difference (2-1)[1]	8	-1	-3	-3	-1	-11
4	Projected cost of decommissioning, with annual adjustment to the NDFC-approved TLG estimate[2]	613	629	641	731	1,040	1,659
5	Projected cost of decommissioning, from last NDFC approved schedule of payments[3]	600	615	627	715	1,016	1,650
6	Projected Trust balance as % of projected cost of decommissioning, from last NDFC approved schedule of payments (1 / 5)	48%	49%	50%	57%	81%	108%
7	Current/projected Trust balance as % of projected cost of decommissioning (2 / 4)	48%	48%	48%	55%	80%	107%
8	Funding Assurance Escrow (current project)	N/A	N/A	2.5	10.9	N/A	N/A
9	Projected Funding Assurance Escrow, from NDFC Docket 2003-1	N/A	N/A	2.5	10.3	N/A	N/A
10	Difference (8-9)	N/A	N/A	0	0.6	N/A	N/A

Note 1:The difference between the fund balances projected in the approved funding schedule from Docket No. 2003-1 and those projected in the current proposed funding schedule results from correcting the TLG target decommissioning cost and the corresponding funds required to meet those target costs.

Note 2: This row reflects the year-end TLG Estimate for each given year, *e.g.*, the 2003 estimate of $613 million reflects the TLG Estimate as of December 31, 2003.

Note 3: This row reflects the **prior** year-end TLG Estimate for each given year from the schedule of payments approved in Docket No. 2003-1, *e.g.*, the 2003 estimate of $600 million was identified in the Prime Buchholz row marked December 31, 2002. As discussed in Part II(D) below, this inconsistency has been removed and the funding schedule proposed herein has both the Fund balances and decommissioning cost estimates in the same year-end row. (*See* Attachment A.)

Pursuant to RSA162-F:19, the Committee must adopt a "schedule of payments sufficient to ensure that the full cost of decommissioning shall be met by the funding date." RSA 162-F:19,I. The funding date is October, 2026, the date the plant is projected to begin decommissioning after the expiration of the plant's current operating license. Decommissioning will continue thereafter through 2046. The "full cost" standards in RSA 162-F:19,I thus require the plant owners to make sufficient contributions by 2026 such that the contributions, plus the earnings on those contributions (including earnings post-2026), will be sufficient to pay the 20 years worth of projected decommissioning expenses when those expenses arise. The proposed schedule developed by Prime Buchholz achieves those goals.

In developing the proposed funding schedule, Prime Buchholz used the TLG decommissioning cost estimate and inflation and earnings assumptions, all of which were approved by the Committee in Docket 2003-1. Consistent with the Final Order, 75% of the contributions are to be paid into the Fund and 25% paid into a funding assurance escrow. As envisioned by the Committee, this financial plan serves the primary purpose of ensuring that there will be adequate funds for decommissioning when needed, while guarding against the potential for the unnecessary and economically inefficient overfunding of the Decommissioning Fund.

From an operations perspective, the plant continues to run very well and the likelihood of a premature shutdown continues to be very low. In the unlikely event such a shutdown occurs, assurance that the ultimate obligation to decommission the plant will be paid is backed soundly and by different mechanisms. The minority owners' share of the decommissioning cost is backed by their customers/owners. FPLE Seabrook's decommissioning obligation, backed by FPL Group, Inc.'s ("FPL Group") financial strength, provides additional assurance from both the

Fund balances and financial guarantees that each owner's ultimate obligation to decommission will be met.

There have been no changes in the Seabrook ownership structure since the 2003 Application. The joint owners and their respective ownership shares are as follows:

FPLE Seabrook	88.22889%[1]
Massachusetts Municipal Wholesale Electric Company	11.59340%
Taunton Municipal Lighting Plant	00.10034%
Hudson Light & Power Department	00.07737%
	100%

FPLE Seabrook respectfully requests that the Committee approve the proposed payment schedule for each Joint Owner as filed.

What follows is the additional information that supports this application.

II. Mechanics of, and Assumptions Underlying, the Approved (Docket 2003-1), and Proposed (Docket 2004-1), Funding Schedules

A. Funding Schedule Approved by the Committee in Docket 2003-1

The Committee's order in Docket No. 2003-1 set out a plan for funding through 2007 that focused on gradualism and measuring expectations against actual results. The Committee performed a comprehensive review in 2003 of the decommissioning cost projections for Seabrook Station. Following that review, the Committee in the Final Order made the following key findings:

- the funding date for the Decommissioning Fund will be 2026, and the projected cost of decommissioning is $599.7 million (in 2003 dollars);

[1] On June 1, 2004, FPLE Seabrook transferred its 88.2% interest in the 345 KV substation to its affiliate, Florida Power & Light Company. FPLE Seabrook made this affiliate transfer as part of a regulatory strategy concerning recovery of transmission payments. This transfer resulted in no operational changes for the Seabrook plant, nor did it have any adverse affect on the plant financially. If anything, this transfer benefits the FPL family of companies and, accordingly, enhances the strength of the funding assurances that ultimately back FPLE Seabrook's decommissioning obligations.

- the inflation rate and the cost escalation factor for the TLG decommissioning estimate were 3% and 4.5%, respectively;

- the reduced earnings assumptions for the various investment options proposed by Prime Buchholz were appropriate;

- FPLE Seabrook's funding assurances remain adequate; and

- the Seabrook owners were authorized to establish an escrow account as a funding assurance into which 25% of each year's schedule of payments is to be paid. During the next 4-year comprehensive review in 2007 (or earlier by order of the Committee), the escrow will terminate and, based upon certain triggers identified in the Final Order and the overall adequacy of the Fund, the Committee will determine whether some or all of the balance in the escrow should be released to the Joint Owners and/or transferred to the Decommissioning Fund.

Furthering the goal of gradualism, the Committee anticipated maintaining all of the fundamental assumptions intact unless and until there is a material change warranting a modification of one or more of these key assumptions.

B. Mechanics of, and Assumptions Underlying, the Proposed Funding Schedule – No Changes from Final Order

Since the Final Order, there have been no material changes that would affect any of the key assumptions and, accordingly, FPLE Seabrook proposes no changes to the earnings, inflation and cost escalation assumptions embedded in the Committee-approved funding schedule. While FPLE Seabrook anticipates filing for (and receiving NRC approval of) a recapture of the pre-operation license period that would extend the plant's license to 2029, the proposed schedule developed by Prime Buchholz is premised on the current 2026 shutdown date. The inflation and cost escalation factor assumptions remain at 3% and 4.5%, respectively, and Prime Buchholz has recommended no changes to the earnings assumptions approved by the Committee in the Final Order. The identity of the Investment Consultant, fund manager and trustee also remain unchanged.

The Fund investment performance over the 2003 calendar year reflected the improved performance of the equity markets, with the total fund yielding a net gain of approximately 15.0%. Contributions for 2003 totaled $11.0 million with investment earnings of $37.2 million. As a result, the fund grew by $48.2 million, ending the year at $294.2 million. The details of the performance of the Fund are set forth in the attached analysis from Prime Buchholz, Attachment A.

As of year-end 2003, the actual decommissioning fund market values were $8.5 million ahead of the $285.7 million balance anticipated in Order No. 2 in Docket No. 2003-1. The reason for the difference is that the actual results include the earnings for December, 2003 which, as directed by the Committee in the Final Order, were not included in the schedule approved in Docket No. 2003-1.

Actual Fund Market Values at 12/31/2003 (Trustee Reports):	$294.2 million
Targeted Fund Balances at 12/31/2003 (Order No. 2, Docket No. 2003-1):	$285.7 million

Annual earnings, combined with market value adjustments, and expenses incurred, including taxes paid from the Qualified Funds, for the year 2003 are as follows:

Fund	Earnings & Market Value Adjustments (thousands of dollars)	Expenses & Taxes (thousands of dollars)
1A (Qualified)	$2,735.8	$1,005.4
1B (Qualified)	11,143.4	184.5
2 (Non-Qualified)	1,517.7	103.9
3 (Non-Qualified)	1,068.2	46.2
4 (Non-Qualified)	14.0	2.8
5 (Non-Qualified)	22,218.9	97.7
Total	**$38,698.0**	**$1,440.5**

The Joint Owners have made all scheduled payments so far in 2004. As of June 30, 2004, the Fund balance was approximately $303 million, with a year-end targeted balance under the Committee-approved funding schedule of $312.6 million. With earnings essentially flat through July of 2004, FPLE Seabrook and Prime Buchholz currently estimate that, using the approved schedule of payments, the year-end Fund balance will be approximately $310.2 million. *See e.g.*, Prime Buchholz Report, Attachment A, p.9.

C. Funding Assurance Escrow Accounts

As the Committee has noted (*see* Order #5 in Docket No. 2003-1), all of the agreements and procedures necessary to establish the funding assurance escrow accounts are in place. The first payments into the funding assurance escrow accounts are due to be made in October, 2004 and, accordingly, there is no current balance in those accounts. Payments of approximately $2.465 million will be paid into the funding assurance escrow accounts between October and December. *See* Attachment B.

D. Improvements to Presentation of Financial Data

Although the fundamental assumptions underlying the proposed funding schedules remain the same as those approved by the Committee in the Final Order, FPLE Seabrook, working with the Joint Owners, other parties to this proceeding, and counsel to the Committee has made some changes in the presentation of the financial data that, we hope and believe, will better assist the Committee in its review and analysis of the information.

The chart in the introductory summary reflects certain pertinent data from the currently-approved funding schedule in comparison to those same data points under the proposed schedule. The goal of this chart is essentially to inform the Committee of how the Decommissioning and funding assurance escrow funds are performing in comparison to projections, and how the balances are expected to grow to reach the targets necessary to pay the decommissioning obligations when due. To that end, the chart includes the comparison data for

- the current year,
- 2007 (which corresponds to the next 4-year comprehensive review),
- 2015 (the earliest time at which decommissioning could begin even in the unlikely event of a premature shutdown), and
- 2026 (the currently-assumed end of plant operations).

As reflected in this chart and consistent with the report of the Fund performance above, the Decommissioning Fund balance is performing approximately as projected in the funding schedule approved by the Committee in the Final Order.

The projected fund balance to target cost row (row 7) is a measure of how close the Fund balance is to the 2003 target TLG decommissioning estimate at any point in time. Over time, as the Fund balance continues to grow because of owner contributions and earnings and we get closer to the ultimate date that decommissioning is to begin, this percentage will grow to 100%.[2] In the Final Order, the Committee approved "the concept of minimum benchmark expectations of fund balances as a percentage of projected decommissioning costs" as an appropriate measure of the financial health of the Decommissioning Fund. Final Order at 38. To that end, in conjunction with its consideration of whether to return to the Joint Owners all or a portion of the monies contributed into the escrow account, the Committee noted as one consideration its expectation that the Decommissioning Fund balance in 2007 would be 57% of the target cost of decommissioning. Final Order at 39.

[2] The percentage actually exceeds 100% by 2026 because, by that point the investment guidelines require that the Fund amounts be directed to investments the return of which is projected to be less than the 4.5% escalation factor.

Although the targeted decommissioning cost was approved in the Final Order and has not changed, as the chart reflects, the projected Fund balance to target cost for 2007 is lower than 57% (*i.e.*, approximately 55.2%). This discrepancy is based not upon a material or substantive change, but rather is the result of an improvement to the presentation of the financial data in this filing.

In prior submittals from Prime Buchholz, there has been some confusion surrounding the proper "year" of the dollars reflected in the Fund balance column, versus the "TLG Estimate" column. For example, in the 2003-1 filing, the TLG Estimate of $599.7 million was in 2003 dollars, yet this figure was reported in the same row as the December 31, 2002 Fund balance in the Prime Buchholz funding schedule, and incorrectly identified therein as the decommissioning cost "as of 12/31/02." Thus, when calculating the 57% projected fund balance to target cost as of December 31, 2007, the December 31, 2007 Fund balance ($406.5 million) was divided by the TLG Estimate from the row marked December 31, 2006 ($715.1 million); *i.e.*, $406,526,309 ÷ $715,117,629 = 56.8%.

To address this apparent inconsistency and reduce the potential for future confusion in the calculation, after consultation with counsel for the NDFC, FPLE Seabrook requested that TLG review the cost data relied upon in the decommissioning estimate and state with more precision what TLG meant by characterizing the estimate as one in "2003 dollars." TLG thereafter confirmed that the $599.7 million is properly characterized as an estimate of the cost to decommissioning the plant as of mid-year 2003.

In order to properly realign the Prime Buchholz model to reflect this correction and arrive at an accurate year-end decommissioning cost, Prime Buchholz escalated the $599.7 million mid-year 2003 estimate at the Committee-approved escalation rate to arrive at a December 31, 2003 TLG estimate of $613 million. The proposed funding schedule (Attachment A) now has the rows properly aligned: the December 31, 2004 TLG Estimate now corresponds to the December 31, 2004 Fund balance. This one-time change will make the Prime Buchholz data more easily understood and accurate and allow the percentage Fund balance to target cost ratio to be calculated in a way that makes sense, by dividing the December 31 Fund balance by the TLG Estimate in that same row.

Although this change will make the Prime Buchholz presentation more consistent and accurate, this change also impacts the result of the calculation of the percentage Fund balance to target cost. Specifically, if all assumptions embedded in the 2003-1 Final Order and funding schedules approved in the subsequent orders in that docket are met, the 2007 percentage Fund balance to target cost will be approximately 55.2%, not 57% as set out in the Final Order. *See* Attachment A, proposed funding schedule: $404,198,588 ÷ 731,207,776 = 55.2%. This occurs because the realignment of the TLG cost estimate necessarily changes the targeted cost and, therefore, the contributions required to achieve the targeted cost. Because this realignment is a more accurate representation of reality and provides for greater ease of analysis, FPLE Seabrook requests that the percentage target be adjusted correspondingly.

In addition to the projected percentage of funds in the trust compared to the target decommissioning cost, the Committee will consider other factors when determining whether the funding assurance escrow balance should be returned to the Joint Owners in 2007 (*e.g.*, achieving license extension through recapture). The purpose of articulating the factors in the Final Order was to establish known targeted data points and events so that if the Fund and plant performed as projected, the dollars in the funding assurance escrow account would be available to be returned to the Joint Owners. If instead the projections are not met and the Committee determines that the Fund balance is inadequate, it can order the escrow balance (or some portion of it) to be transferred into the Decommissioning Fund. Because the realignment of the Prime Buchholz model means that performance "as projected" would result in a 2007 Fund balance to target cost percentage of 55%, FPLE Seabrook requests that the Committee re-set the target to that percentage. In other words, the targeted percentage should be adjusted so that if all goes as anticipated in the Final Order, the parties, and the Committee are using the proper (*i.e.*, apples to apples) target Fund to cost percentage, *i.e.*, 55%.

III. Plant Performance Since Acquisition by FPLE Seabrook.

A. Operational Performance

The Seabrook plant continues to run very well since FPLE Seabrook's acquisition. The capacity factor in the operating cycles between refueling outages is a good indicator of plant performance in that it reflects the total amount of generation actually produced in a given cycle in comparison to the plant's rated capacity times the number of potential hours of operation during that same period.

Since the plant began operating, it has achieved capacity factors greater than 85% in three cycles and greater than 95% in the remaining six cycles. *See* Table 1. Over its last completed operating cycle (cycle 9), the plant achieved its best ever capacity factor of 99.54%, completed its shortest ever refueling outage in 25 days, and is currently achieving a cycle 10 capacity factor of 98.12%.

In addition to operational efficiency, the Seabrook plant was also recognized for the third year as having the best safety record of any New Hampshire company with 500-1000 employees, receiving a New Hampshire Workplace Safety Award.

In the area of environmental compliance, Seabrook has received the highest rating from the New Hampshire Department of Environmental Services (NHDES) in the last four reporting periods. This inspection is typically performed annually and evaluates Seabrook Station's ability to self-monitor and comply with the effluent limits and compliance schedules in the plant's NPDES Permit. NHDES did not perform an inspection of Seabrook Station during the fifth year, which ended on June 30, 2004. FPLE Seabrook also continued to maintain its ISO 14001 certification.

In summary, the plant is running very well, there are no major maintenance issues on the horizon, and there is no reason to believe the plant will not continue to run at or above its historical capacity factor levels.

B. Changes at the Seabrook Plant

FPLE Seabrook has announced plans to seek a power uprate for the Seabrook plant to increase capacity by roughly 6.7% in a two phased approach. The initial application for a 5.2% power increase was submitted to the NRC on March 14, 2004. It is anticipated that the NRC will issue a revised operating license that will allow plant modifications to be made during the refueling outage in April 2005. The second application will be submitted in 2005 with implementation planned for the refueling outage in 2006.

FPLE Seabrook plans to submit an application with the NRC to recapture the initial pre-operation testing period for Seabrook Station in the spring of 2005.

C. Financial Performance

As of July 30, 2004, FPLE Seabrook has contracted 96% of its share of Seabrook's output for the balance of 2004, 89% for calendar 2005, and 88% for 2006. These contract percentages are in line with FPLE Seabrook's targets for the plant and assure a stable stream of revenue well into the future. FPLE Seabrook has been able to lock in prices for this output at levels above those assumed in the projections in the pro formas submitted to the Committee in Docket No. 2002-2. In addition, the unit thus far has been operating at a capacity factor above that assumed in the original valuation. With its excellent operational and financial performance, FPLE Seabrook has not had occasion to call upon any of the amounts available under the support agreement with FPL Group Capital nor does it anticipate doing so. Nevertheless, that agreement remains as part of the financial support for the plant.

The public power owners' (MMWEC, Taunton and Hudson) financial performance has not changed materially since the last filing. In MMWEC's case, as evidenced by its recent rating upgrade to its Millstone, Project 3, its financial strength has improved since the Final Order.

IV. FP&L Nuclear Performance

A. FPL Operational Performance

Currently, FP&L operates four nuclear units, two at Turkey Point Nuclear Plant (1,386 MW) and two at St. Lucie Nuclear Plant (1,553 MW). The 103 nuclear power reactors in the United States are monitored by the World Association of Nuclear Operators (WANO). At the end of 2003, FPL Nuclear Division's Four Units averaged an index rate of 95.6. (This index rate included scheduled refueling outages for Turkey Point 3, Turkey Point 4, and St. Lucie Unit 2). *See* Table 2. Seabrook Station ended the year with an index of 100.0. All four of FP&L's units and the Seabrook plant are currently in the green band of all NRC Performance Indicators, which are objective measures of safe and reliable performance. (*See* Table 3) Under the current NRC Reactor Oversight Process and corresponding Enforcement Policy, the nuclear units under FP&L's and FPLE Seabrook's control have not been the subject of any NRC finding other than "green" findings. In November 2003, the NRC Performance Indicator for Reactor Coolant System leakage was in the NRC's White Band due to a leaking transmitter fitting in the containment that occurred on November 11, 2003. The leak was isolated and repaired on the next day and the performance indicator returned to Green status in December and has remained Green since that time.

Overall, Seabrook Station has been operating in a manner that provides adequate protection for the health and safety of the public. FP&L and FPLE Seabrook continue to make improvements in all areas of nuclear and industrial safety, operations, plant upgrades, environmental stewardship, community involvement, quality, and cost performance.

FP&L's confidence in its nuclear operations is reflected in its extension of the current operating license terms for its nuclear units. In June 2002, FP&L received renewed operating licenses from the NRC for Turkey Point Units 3 and 4, well ahead of the projected NRC review schedule and within the budget estimate for such review. In October 2003, FP&L received renewed operating licenses for St. Lucie Units 1 and 2, well ahead of the projected NRC review schedule and within budget. FPLE Seabrook intends to draw on the experience gained during the license renewal processes for Turkey Point and St. Lucie and pursue license renewal for Seabrook.

In recognition of its achievements in clean energy production, environmental excellence, customer satisfaction and increasing shareholder value, FPL Group has been named the 2003 winner of the Edison Award, the electric power industry's highest honor. The award is given annually by the Edison Electric Institute to the U.S. shareholder-owned member and international member making the most outstanding contributions to the advancement of the electric power industry.

B. FPL Group Financial Performance

FPL Group remains one of the strongest electric companies in the nation. Florida Power & Light (which comprises approximately 80% of FPL Group's earnings) continues to experience substantial customer growth in its service territory. Operational excellence and a consistent track record of cost management have enabled the Company to provide value to both customers and shareholders. FPL Energy, FPL Group's unregulated subsidiary, is a moderate risk wholesale generator. FPL Energy is well diversified by region and by fuel source with a hedging strategy that focuses on reducing risk and extracting maximum value from our assets.

FPL Group's financial strength is recognized by the Rating Agencies. FPL Group's credit ratings are among the highest in the industry. As of August 23, 2004, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S & P) and FitchRatings (Fitch) had assigned the following credit ratings to FPL Group, FP&L and FPL Group Capital:

FPL Group:	Moody's	S&P	Fitch
Corporate credit rating	N/A	A	A
FPL:			
Corporate credit rating	A1	A/A-1	N/A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial dev. revenue bonds	Aa3/VMIG-1	A/A-1	A+
Preferred stock	A3	BBB+	A
Commercial paper	P-1	A-1	F1
FPL Group Capital:			
Corporate credit rating	N/A	A/A-1	N/A
Debentures	A2	A-	A
Commercial paper	P-1	A-1	F1

FPL Group's financial position continues to strengthen. Debt to total capital improved from 59% at December 31, 2003 to 57% at June 30, 2004. Additionally, FPL Group will receive $575 million in 2005 and $506 million in 2006 when proceeds from forward equity unit commitments will be received.

In addition, FPL Group and its subsidiaries, including FP&L, have $3.0 billion ($2.0 billion for FPL Group Capital and $1.0 billion for FP&L) of bank lines of credit currently available. These credit facilities are available to support the companies' commercial paper programs and may be utilized for general corporate purposes.

Overall, FPL Group remains fully capable of and committed to standing behind its support obligations to FPLE Seabrook. Since acquiring Seabrook, the Company's financial position has remained secure and has continued to strengthen.

V. Radioactive Waste Disposal

A. Low Level Radioactive Waste Disposal Plan - No Changes

There have been no changes since the 2003 comprehensive update in the process used by Seabrook Station for the disposal of Low Level Radioactive Waste (LLRW), including any changes in cost, vendor, or on-site storage, nor does FPLE Seabrook expect any such changes at least in the foreseeable future.

B. High Level Radioactive Waste Disposal

There has been one potentially significant development in the area of high level nuclear waste disposal since the 2003-1 Docket. In July 2004, the U.S. Court of Appeals for the District of Columbia Circuit ruled on a series of challenges to the statutes and regulations established to govern a nuclear waste depository at the Yucca Mountain site. The court denied all the challenges except for one, regarding an EPA rule governing the time period the public would be protected from hypothetical radiation leaks at the Yucca Mountain repository after 10,000 years. If upheld, this could result in revisions to the EPA's and NRC's licensing rules for Yucca

Mountain, which could significantly delay the licensing process and schedule for Yucca Mountain. Given the uncertain outcome of the proceeding, FPLE Seabrook is not recommending any changes to the HLRW assumptions approved in the Final Order, but as always, will inform the Committee if there are final determinations that could impact the anticipated implementation date for storage of spent fuel at the Yucca Mountain site.

VI. Cost to Decommission the Plant – No Changes

There have been no plant or industry developments since the 2003 comprehensive update that would affect the decommissioning cost estimate.

VII. Proposed Funding Schedule and Funding Assurance Escrow are Based on the Same Methodology Previously Approved by the Committee.

The funding schedule proposed to achieve full funding by the 2026 funding date is set forth in Attachment A. The schedule was prepared following the methodology, including the funding assurance escrow concept, that was approved by the Committee in the Final Order:

a) The estimated cost of decommissioning Seabrook Station Unit 1, and the related expenditure schedule, in 2004 dollars is based on decommissioning commencing in 2026.

b) A decommissioning cost escalation factor of 4.5% is applied to the cost estimate to determine the total cost of decommissioning to the end of the decommissioning period.

c) The projected decommissioning cost and liability is allocated to the Joint Owners based upon their respective ownership share. A separate Schedule of Payments for each Joint Owner is then created. Each Joint Owner is responsible for its ownership share of the total cost.

d) Actual market values of investments within each fund for each Joint Owner are compared to the fund's target balances. The difference between actual values and the targeted balances is factored into future funding contribution calculations.

e) Individual Joint Owners elect investments from the available approved investment funds. Future earnings assumptions for each fund, estimated by the Investment Consultant, are applied to fund balances.

f) Estimated taxes and expenses for necessary administrative activities of the trust are deducted from fund balances. Such expenses include Trustee and Fund Manager fees, Investment Consultant billings, audit fees and routine administrative expenses of the Committee. Taxes are only paid out of the Qualified Trust funds.

g) The appropriate funding methodology and inflation estimates are applied. Contributions are escalated annually by the overall rate of inflation for the service life of the plant.

h) Through 2007, 75% of computed contributions are placed in the Decommissioning Fund. The remaining 25% are deposited into one of two funding assurance escrow accounts.

i) The funding assurance escrow accounts grow by both future contributions and earnings, less estimated expenses.

Except as previously explained, the Prime Buchholz analysis follows the same methodology as in the past. Prime Buchholz is not recommending any change to the earnings and inflation assumptions. The following table, reproduced from the Prime Buchholz analysis, reflects the current assumptions:

Current Assumptions

Fund	Investments	Nominal	Real[1]	Basis
1A	Taxable Bonds	6.0%	3.0%	Pre-tax
1B	Core Stocks	9.5	6.5	Pre-tax
2	Taxable Bonds	6.0	3.0	After-tax
3	Tax-Exempt Bonds	4.8	1.8	After-tax
4	Cash/Short-Term	3.5	0.5	After-tax
5	Core Stocks	9.5	6.5	After-tax
Post-Shutdown	Cash/Short-Term	3.5	0.5	PT for Qualified
Inflation		3.0		Pre-tax

[1] real return = nominal return - inflation

Additionally, as a result of incorporating the funding assurance escrow account for the first time, Prime Buchholz has developed return assumptions for the two escrow accounts, as presented below:

Funding Assurance Escrow Account Assumptions

Investments	Nominal	Real[1]	Basis
Taxable money market	3.5%	0.5%	Pre-Tax
Tax-Exempt money market	2.3%	-0.7%	Pre-Tax

[1] real return = nominal return - inflation

VIII. Conclusion

For the reasons set forth herein, FPLE Seabrook respectfully requests that the Committee approve the proposed funding schedules for the joint owners.

Respectfully submitted this 24th day of August, 2004.

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ATTACHMENT A

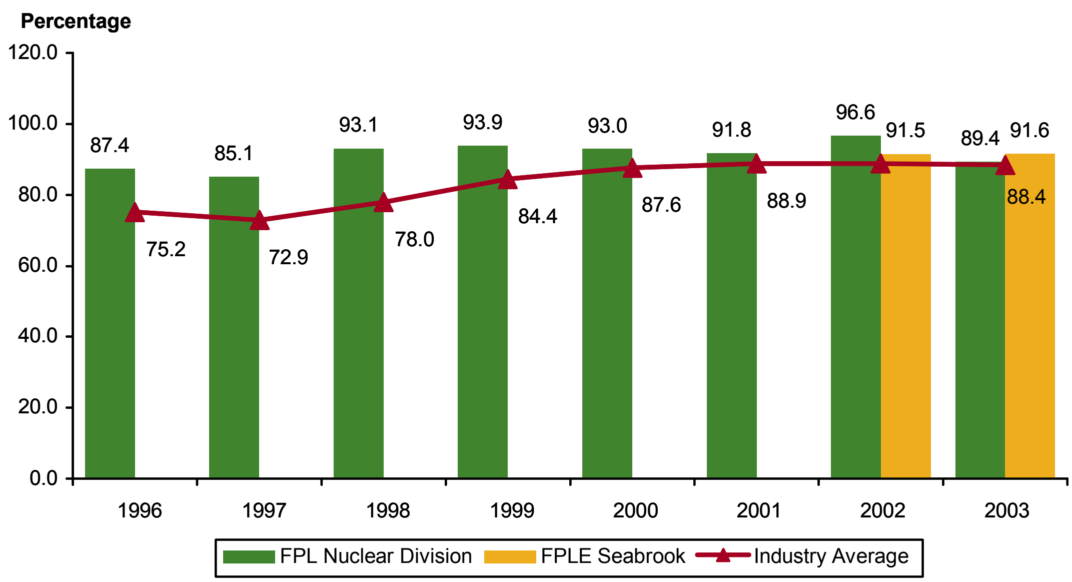
REPORT OF THE REVIEW OF FUNDING SCHEDULE AND INVESTMENT ASSUMPTIONS AND THE PROPOSED FUNDING SCHEDULE BY PRIME, BUCHHOLZ & ASSOCIATES, INC.

ATTACHMENT B

FUNDING ASSURANCE ESCROW ACCOUNTS

TABLE 1

Seabrook, FPL Nuclear and Industry Equivalent Availability Factors (1)



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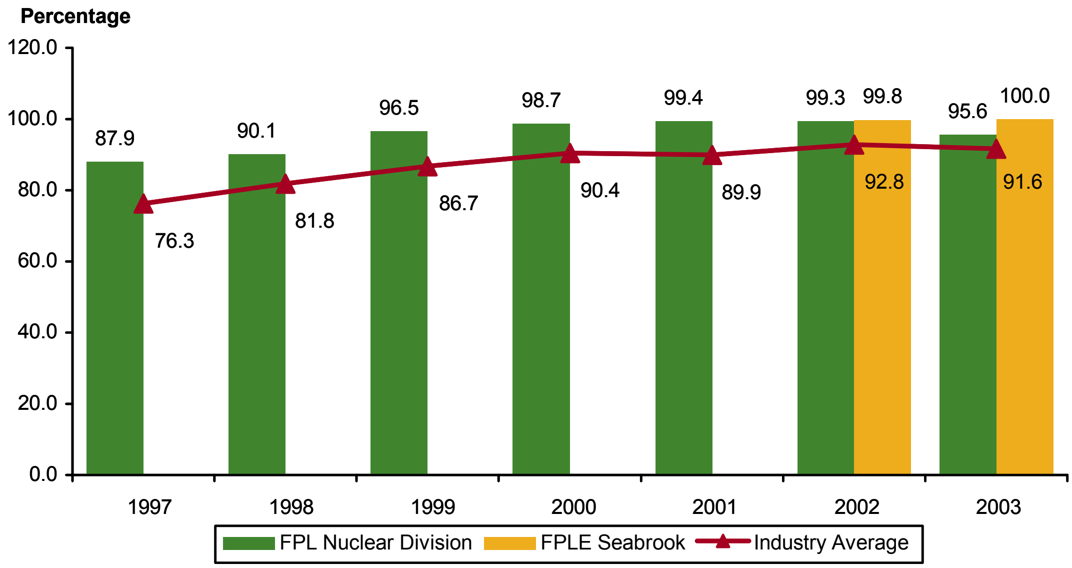
(1) Green bars represent combined Turkey Point Nuclear Plant and St. Lucie Nuclear Plant performance

TABLE 2

Seabrook, FPL Nuclear and Industry World Association of Nuclear Operators Performance Indicator Index [(1)]



(1) *Green bars represent combined Turkey Point Nuclear Plant and St. Lucie Nuclear Plant performance*

TABLE 3

Seabrook and FPL Nuclear Units NRC Safety and Reliability Performance Indicators (4th Quarter 2003)

	PSL 1	PSL 2	PTN 3	PTN 4	Seabrook
Initiating Events Cornerstone					
Unplanned reactor shutdowns per 7000 critical hours (automatic and manual)	Green	White	Green	Green	Green
Unplanned reactor shutdowns with loss of normal heat removal	Green	Green	Green	Green	Green
Unplanned Power changes per 7000 critical hours	Green	Green	Green	Green	Green
Mitigating Systems Cornerstone					
Safety System Unavailability	Green	Green	Green	Green	Green
Safety System functional Failures	Green	Green	Green	Green	Green
Barriers Cornerstone					
RCS Activity	Green	Green	Green	Green	Green
RCS Leakage	Green	Green	Green	Green	Green
Emergency Response Organization (ERO) drill/exercise performance					
Emergency Response Organization (ER) drill/exercise performance	Green	Green	Green	Green	Green
ERO Drill Participation	Green	Green	Green	Green	Green
Alert and Notification System Performance	Green	Green	Green	Green	Green
Occupational Radiation Safety Cornerstone					
Occupational Exposure Control Effectiveness	Green	Green	Green	Green	Green
Public Radiation Safety Cornerstone					
RETS/ODCM Radiological Effluent Occurrence	Green	Green	Green	Green	Green
Physical Protection Cornerstone					
Protected Area Security Equipment Performance index	Green	Green	Green	Green	Green
Personnel Screening Program Performance	Green	Green	Green	Green	Green
FFD/Personnel Reliability Program Performance	Green	Green	Green	Green	Green

Acceptable Performanc License Response Ban	Green	Acceptable Performance increased Regulatory Response Brand	White	Acceptable Performance increased Regulatory Response Brah	Yellow	Unacceptable performance Plants not normally permitted to operate within this brand	Red