THE STATE OF NEW HAMPSHIRE
NUCLEAR DECOMMISSIONING FINANCING COMMITTEE
DOCKET NO. NDFC 2015-1

FINAL REPORT AND ORDER

Concord, New Hampshire
December 28, 2015

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I. SUMMARY OF FINDINGS

In this docket the Nuclear Decommissioning Financing Committee ("NDFC" or "Committee") conducted the four-year review required by RSA 162-F:22. The Committee made the following determinations to ensure that the owners ("Owners") of the Seabrook Nuclear Station ("Seabrook Station") provide sufficient funding to complete the prompt, safe, and orderly decommissioning of Seabrook Station:

1) The projected cost of decommissioning will be $1,118,610,000, when expressed in 2014 dollars, as estimated by TLG Services, Inc. in the 2015 Seabrook Station Decommissioning Cost Analysis.
2) If the Nuclear Regulatory Commission ("NRC") approves Seabrook Station's application for license renewal before December 31, 2016, and extends the operation license to 2050, the projected cost of decommissioning for a funding date of 2050 shall be considered to be $1,029,918,000 in 2014 dollars, as estimated by TLG Services, Inc. in the 2015 Seabrook Station Decommissioning Cost Analysis, without further review in the 2017 docket.
3) For the purpose of calculating the schedule of payments, onsite storage of spent nuclear fuel and Greater-Than-Class C ("GTCC") radioactive waste in the Independent Spent Fuel Storage Installation ("ISFSI") shall be assumed to be required until 2100, and the ISFSI subsequently dismantled in 2101.
4) The decommissioning cost escalation adjustment applied to the schedules of payments will be 3.5%.

5) The funding date will be 2030 for purposes of calculating the funding schedule for 2016.

6) The inflation adjustment applied to the schedules of payments will be 3%.

7) The assumed rates of return on the Trust and Escrow Funds shall be as follows:

   a. Equities = 8.5%

   b. Bonds = 6.0%

   c. Cash and cash equivalents (long-term) = 3.5%

   d. Escrow = 0.25%

   e. Opportunistic Strategy asset class ("Opportunistic Fund") = 7.5%

8) During the first seven years of prompt dismantlement, the coverage ratio, as defined in the Docket 2005-1 Final Report and Order, shall continue to be maintained with cash, cash equivalent, and high quality fixed income investments at least 3.3 times the total expenses to be paid from the Decommissioning Trust in the following year.

9) The funding assurances from each Joint Owner of Seabrook Station ("Seabrook Owner") will remain unchanged.

10) The funds available from NextEra Energy Capital Holdings to NextEra Energy Seabrook under the terms of the Support Agreement shall be reduced from $287.9 million to $282.9 million as a result of operational efficiencies achieved since the last calculation in Docket 2011-1.

11) Contributions required to be made to the Seabrook Station decommissioning financing fund shall be made to the Escrow in 2016.

12) The schedules of payments shall be calculated assuming that all funds held in the Escrow for NextEra Energy Seabrook, Hudson, and Taunton are refunded to the respective Owner in 2016. The schedules of payments shall be calculated assuming that all funds held in Escrow for MMWEC are transferred to the Trust in 2016. The final decision regarding the disposition of funds held in Escrow will be determined by the Committee at its sole discretion.

13) For purposes of determining the adequacy of decommissioning funding assurances, the earliest date by which decommissioning shall be assumed to start in the event of a premature cessation of operations shall be no later than five years from the date of the announcement of the cessation of operations.

14) In the event of a permanent cessation of operations as a result of an accident causing damage covered under the Nuclear Electric Insurance Limited property damage policy, insurance proceeds remaining after the stabilization and decontamination of the reactor and site, in accordance with NRC regulations, shall be applied to any shortfall between the funds available in the Trust and the cost of decommissioning as determined by the post-shutdown decommissioning activities report ("PSDAR"). The NDFC continues to require the Managing Agent to provide at least 30 days' notice to the NDFC before any reduction in this insurance is effective.

II. PARTIES AND THEIR POSITIONS

In NDFC Order No. 1, issued July 15, 2015, the NDFC granted full party status to NextEra Energy Seabrook ("NextEra Energy" or "Managing Agent") and the Massachusetts Municipal Wholesale Electric Company ("MMWEC") and recognized

NextEra Energy Seabrook, in its capacity as Managing Agent, as the representative of Taunton Municipal Lighting Plant ("Taunton"), and the Hudson Light and Power Department ("Hudson") with the right of full participation at their choosing. The full parties produced a Stipulation of the Full Parties ("Stipulation") (Exhibit 2) presenting the positions of the full parties on issues that the Committee must address and the exhibits that the full parties would present at a public hearing held pursuant to RSA 162-F:21 in Concord, New Hampshire on October 27, 2015 ("Concord Hearing"). The Stipulation was signed and received at the Concord hearing on that date. The Managing Agent represented that it accurately stated the positions of each Seabrook Owner. A second public hearing was held in the Town of Seabrook on December 21, 2015, as required by RSA 162-F:21, III ("Seabrook Hearing") at which two additional exhibits were presented by NextEra Energy Seabrook and one by NDFC Counsel as described in Chart 2. [1]

III. PROCEDURAL HISTORY

The Order of Notice for this docket was issued on May 14, 2015. Timely notice of the Docket was provided to the public by publication in newspapers. On May 19, 2015, NextEra filed the Seabrook Station 2015 Comprehensive Report. NextEra arranged for a copy of the 2015 Comprehensive Report to be available for public review at the Seabrook Public Library. Included with the Comprehensive Report was the 2015 Seabrook Station Decommissioning Cost Analysis ("TLG Cost Report") and the Escalation Analysis for the Seabrook Station 2014 Decommissioning Cost Estimate ("TLG Escalation Analysis") prepared by TLG Services, Inc.; the Seabrook Station

[1] As part of the Seabrook hearing Exhibit No. 19 was entered into the record as corrected from the version reviewed during the Concord Hearing.

Decommissioning Financing Fund Review of Funding Schedule and Investment Assumptions ("LCG Report"); the Non-Confidential Escalation Forecast Explanation Report by IHS Global Insight ("IHS Report"); and the Joint Owner Proposed Funding Schedule. The first pre-hearing conference was held on June 13, 2015, during which the parties agreed to a proposed procedural schedule and docket scope. NDFC Counsel submitted a set of data requests to the Managing Agent at the pre-hearing conference which were subsequently delivered and submitted as Exhibit 18 at the Concord Hearing.

On July 15, 2015, the NDFC issued Order No. 1, adopting the proposed procedural schedule and scope. The parties participated in several additional pre-hearing conferences prior to the public hearings, and submitted the Stipulation of the Full Parties, at the Concord Hearing during which William Cloutier, Manager of Decommissioning Services for TLG Services, Inc., testified about the TLG Cost and Escalation Analyses Edward Carley, NextEra Energy Seabrook Engineering Supervisor for License Renewal adopted the affidavit of Michael Ossing, NextEra Energy Seabrook Licensing Manager, and provided testimony regarding Seabrook Station's operating performance and the status of the license renewal application; John Mothersole, IHS Global Insight ("HIS"), provided testimony on the forecasting indices provided by his company that TLG then used in its decommissioning cost escalation analysis; Alan Smith, NextEra Energy Seabrook Business Director, provided testimony on the financial strength and stability of NextEra Energy and in support of NextEra's request that a portion of its share of the Escrow be released; and David Emerson, Senior Vice President and Principal at LCG Associates, the Seabrook decommissioning Trust Investment Consultant, provided

testimony regarding the assumed rates of return on Trust and Escrow investments and in support of increasing the assumed rate of return on equities from 8.5% to 9.5%;

The following individuals did not appear at the public hearing but provided affidavits in support of the Stipulation of the parties as described below:

Matthew Ide, Treasurer and Director of Treasury and Commodities for Massachusetts Municipal Wholesale Electric Company ("MMWEC") submitted an affidavit regarding the adequacy of MMWEC's financial assurances, its targeted investment allocations, and in support of continuing to direct its annual contributions to the Escrow. His affidavit opposed the release of any Escrow Funds to any owner and NextEra's request to the Committee that the assumed rate of return on equity investments be increased and also carried forward its position from the NDFC 2002-2 docket that the Committee should impose further funding assurances requirements on NextEra Energy. (Exhibit 13)

Brian Choquette, General Manager for the Hudson Light and Power Company ("Hudson"), submitted an affidavit regarding the adequacy of Hudson's funding assurances. (Exhibit 14)

Ken Goulart, General Manager for the Taunton Municipal Lighting Plant ("Taunton"), submitted an affidavit regarding the adequacy of Taunton's funding assurance. (Exhibit 15)

The exhibits accepted or marked for identification at the hearing are listed in the following Chart.

Chart 1
Hearing Exhibits
(Concord Hearing)

Exhibit Number	Description
By Full Parties	
1	2015 Comprehensive Report and all attachments referenced therein
2	TLG Decommissioning Cost Analysis assuming 2030 and 2050 Plant shutdown dates
3	Stipulation of the Full Parties
4	Proposed Schedule of Payments*
5	Affidavit of Michael Ossing
6	Affidavit of Alan Smith
7	Affidavit of David Emerson, LCG Associates, Inc.
8	Affidavit of William Cloutier, TLG Services
9	Affidavit of John Mothersole, I Global Insight
10	Funding Run summary reflecting current NDFC assumptions *
11	Audit of Trust
12	Audit of Escrow
13	Affidavit of Matthew Ide
14	Affidavit of Brian Choquette
15	Affidavit of Ken Goulart
16	Illustration of scope of decommissioning
17	CONFIDENTIAL Affidavit of Alan Smith with calculation of Support Agreement amount
By Committee Counsel	
18	NextEra Responses to Data Requests
19	Comparison of Seabrook Assumed Investment Return Assumptions with State Pension Funds**
By Full Parties	
21	Opportunistic Fund: Total Seabrook Lending Portfolio as of 9/30/15

* Based on balances as of August 31, 2015

** Accepted by Committee subject to corrections submitted at Seabrook Hearing.

During the Concord hearing, two hearing requests were made of the Managing Agent. The first was for a summary of the SAFSTOR estimate for decommissioning Seabrook Station prepared by TLG Services in 2011. The second was for a summary of the results of a survey by NISA Investment Advisors, LLC (NISA) on the performance of nuclear decommission trusts throughout the industry.

Pursuant to RSA 162-F:21, IV, a Preliminary Report and Order ("PRO") was released on November 18, 2015. As required by statute, the Committee held a hearing in the Town of Seabrook before this Final Order was prepared. The Seabrook Hearing was held at the Seabrook Community Building on December 21, 2015, starting at 7:00 p.m. with all members of the NDFC being present; a quorum was met. NextEra Energy Seabrook Counsel provided an affidavit attesting to the delivery on November 19, 2015 of the Preliminary Report and Order ("PRO") and transcript of the public hearing in Concord to the Seabrook Town Clerk's office for public viewing; the delivery and posting on December 4, 2015 of the Order of Notice for the Seabrook hearing to the Town of Seabrook, Town Clerk's Office and Seabrook Community Center; and the publication of the Order of Notice in the New Hampshire Union Leader and in the Hampton Union on December 4, 2015. No written comments concerning the PRO were received. NextEra Energy Seabrook counsel represented the Managing Agent. None of the other Seabrook Station Owners had a representative at the hearing. No member of the public attended the hearing. No witnesses were presented. Written responses to the Hearing Requests from the Concord Hearing were presented by counsel for the Managing Agent and accepted as exhibits by the Committee. The Committee also accepted as an exhibit a document presented by Committee counsel. The additional documents accepted as exhibits at the Seabrook Hearing are described in the following Chart 2.

Chart 2
Additional Exhibits
(Seabrook Hearing)

Exhibit Number (Hearing Request)	Description
By NextEra	
20	A summary and comparison of the Seabrook Station decommissioning cost estimates for DECON and SAFSTOR prepared by TLG Services in 2011.
22	A summary of the 2014 NISA Nuclear Decommissioning Trust survey data and observations by David Emerson, LCG Associates
By Committee Counsel	
23	Nuclear Decommissioning Trusts – 2014 Survey of Trust Sponsors by NISA Investment Advisors, LLC

IV. DISCUSSION

A. Introduction

The Committee conducts a comprehensive review of the decommissioning cost projections for Seabrook Station every four years as mandated by RSA 162-F:22, I, consisting of a full review of the revised decommissioning cost estimate and its inputs as well as the annual review of the investment performance of the Trust. (RSA 162-F:22, II). The Committee reviewed the decommissioning estimate for a funding date of 2030 based on the current NRC Operating License and, at the request of NextEra, an estimate for a funding date of 2050[2] that assumes NRC approval of license renewal. The 2030

[2] In Docket NDFC 2014-1, NextEra Energy informed the Committee that it would complete two decommissioning studies for the 2015 comprehensive review: one that assumes the operating license terminates in 2030 and one that assumes license renewal is approved and the license terminates in 2050. NextEra Energy further requested that the Committee review both the 2030 and 2050 decommissioning plans during the NDFC 2015-1 docket, even if the NRC had not yet reached a decision on extension of the operating license. In a letter dated September 11, 2014, the NRC informed NextEra Energy Seabrook that it has scheduled its decision on the application for license renewal for September 2016, assuming timely and adequate responses to staff Requests for Additional Information ("RAI"s) and the staff's determination that the proposed activities to manage the effects of aging due to alkali-silica reaction in below ground concrete structures comply with regulatory requirements.

estimate will be used as the basis for the Committee's decisions in this docket. If the NRC grants license renewal to Seabrook before the end of 2016, the projected cost of decommissioning for a funding date of 2050 shall be considered to be $1,029,918,000 in 2014 dollars without further review in the 2017 docket. This will preclude the need for another decommissioning cost study prior to the next anticipated comprehensive review if the longer operating life is approved. In addition to the estimate, the NDFC reviewed the assumptions used in determining the ultimate cost of decommissioning Seabrook Station and establishing the schedules of payments such as funding date, escalation rate, inflation rate, rates of return on Trust and Escrow investments, and the allocations of the Trust investments. The Committee also assessed the set of funding assurances that secure unfunded obligations to determine whether any changes were appropriate. Although not a funding assurance, the Managing Agent presented a re-calculation of the Support Agreement for Committee review in accordance with the requirements of NDFC 2002-1.

The Committee also received testimony regarding the status of the Alkali Silica Reaction ("ASR") which is affecting concrete at Seabrook Station; potential governmental and commercial alternatives to the long term storage of Spent Nuclear Fuel ("SNF") and Greater Than Class C nuclear waste; and options available for the disposal of decommissioning generated Low Level Radioactive Waste.

Since the last comprehensive review in 2011, Entergy's Vermont Yankee ("VY") and Southern California Edison's San Onofre Nuclear Generating Station Units 2 & 3 ("SONGS 2 & 3") have been permanently shut down and the Owners have submitted decommissioning cost estimates and planning documents to the NRC. These estimates are of particular interest to the Committee because of Vermont Yankee's proximity to

Seabrook and the fact that the SONGS units are similar to Seabrook Station in terms of power output and reactor type (pressurized water reactor).

In order to provide for a thorough examination of the adequacy of the decommissioning plan, the Committee staff submitted requests for information ("RFI's") to the Managing Agent that encompassed the scope of the review as set forth in Order No. 1 including the TLG Cost Report and Escalation Analysis, the LCG Report, and the IHS Report. The RFI's also required NextEra to compare the decommissioning estimates and planning assumptions for Vermont Yankee and SONGS with those for Seabrook Station and explain any significant differences and, additionally, compare TLG's pre-decommissioning estimates for the Maine Yankee and Rancho Seco nuclear plants with the actual costs incurred. NextEra's responses (Exhibit 18) were considered in the review and the findings of the Committee set forth in this report.

The Joint Owners have requested three changes to the assumptions underlying the decommissioning cost estimate. NextEra Energy, Taunton, and Hudson ask that the assumed rate of return for equities be increased from 8.5% to 9.5%. All Joint Owners ask that the escalation rate be reduced from 3.85% to 3.5%. NextEra requests that the Committee release all but $10 million of its share of the Escrow funds. These three requests are addressed below.

Chart 3 compares the impact of making changes to the decommissioning cost escalation rate and the rate of return for equities as proposed versus the set of assumptions approved by the NDFC in 2014, based on the 2015 updated cost estimate and Trust balances as of August 31, 2015. It will be referred to as needed in the discussions that follow.

Chart 3
Impact of Changing Input Parameters
($ in millions)

	1	2	3	4
	NDFC 2014-1 (Run 4)	**Escalation and ROR As Proposed (Run 1)**	**Escalation As Proposed (Run 7)**	**ROR As Proposed (Run 8)**
Cost per 2015 TLG Est	$1,119	$1,119	$1,119	$1,119
Funding Date	2030	2030	2030	2030
Equities ROR	8.5%	**9.5%**	8.5%	**9.5%**
Fixed Income ROR	6.0%	6.00%	6.00%	6.00%
Opportunistic ROR	7.50%	7.50%	7.50%	7.50%
Escrow ROR	0.25%	0.25%	0.25%	0.25%
Blended Rate[3]	7.74%	8.38%	7.74%	8.37%
Escalation	3.85%	**3.50%**	**3.50%**	3.85%
Inflation	3.0%	3.0%	3.0%	3.0%
Equity return in 2016	Owners	Owners	Owners	Owners
Contributions:				
2015	$559,100	$559,100	$559,100	$559,100
2016	$990,539	$0	$494,845	$407,436
2017	$1,020,255	$0	$509,691	$419,659
Total 2018-2029	$14,913,872	$0	$7,450,552	$6,134,484
Balances: ($millions)				
Balance % of Target 2020	55%	57%	55%	57%
Balance % of Target 2030	75%	80%	74%	80%
Balance % of Target 2050	56%	122%	76%	100%
Final Balance in 2101 (2101 dollars)	$5,159	$45,741	$15,875	$31,438
Final Balance in 2101 (2015 dollars at 3% Discount Rate)	$392	$3,477	$1,207	$2,390

B. Status of Trust and Escrow

The following is a comparison of the year-end 2013 and 2014 Trust and Escrow balances. NextEra, Hudson and Taunton were overfunded, meaning they had projected surpluses after completion of decommissioning under the current approved set of assumptions and, therefore, did not make contributions in 2014. MMWEC was permitted to make its required contributions to Escrow.

[3] Blended rate is based on NextEra and MMWEC ownership shares with NextEra at 65% equities, 25% fixed income and 10% Opportunistic; MMWEC at 55% equities and 45% fixed income

Chart 4
Trust and Escrow Balances

		Year-End 2013 Balances ($Millions)	(%)	Year-End 2014 Balances ($Millions)	(%)	2014 Contributions ($Millions)
1A	Fixed Income	94.1	17.0	99.2	16.4	0.0
1B	Equities	96.8	17.5	100.7	16.7	0.0
2	Fixed Income	18.9	3.4	20.1	3.3	0.0
3	Fixed Income	23.6	4.3	43.1	7.1	0.0
5	Equities	270.1	48.7	271.0	44.9	0.0
6	Equities	29.6	5.4	33.3	5.5	0.0
7	Opportunistic	21.6	3.9	35.6	5.9	0.0
Trust Total		554.7	100.0	603.0	100.0	0.0
Escrow Investments		30.3		31.1		0.75
Total including Escrow		585.0		634.0		0.75

Two additional funds (1C and 4), not shown above, are cash vehicles that will be used in the years immediately before decommissioning commences. Funds 1A and 1B are "qualified" funds, so their earnings receive a favorable tax rate that, by law, is set at 20%. Nonqualified fund earnings flow to the owner and are taxed at the corporate federal tax rate of 35% plus any applicable state tax. The three municipal Seabrook Owners do not invest in the qualified funds because they are not subject to taxes. NextEra has investments in both funds. The funding model assumes a 0% tax rate on NextEra's nonqualified funds because taxes on the Trust earnings are paid outside of the Trust. The Investment Guidelines dictate the limiting percentage that individual owner portfolios may maintain in each equity Fund. The total balance of the Trust plus Escrow increased by $49.0 million or 8.4% from year-end 2013 to year-end 2014 primarily from growth, since the only contribution was $750,000 from MMWEC[4]. The large increase in Fund 3

[4] As of September 30, 2015, the Trust and Escrow balances were $578.3 and $31.5 million, respectively.

was due to a reallocation of some equity funds to stay within the State Treasurer's investment guidelines.

The New Hampshire decommissioning statutes require that sufficient funding assurance be provided not only to ensure payment of the full decommissioning cost at the end of the plant's licensed life, but also in the event of a premature cessation of operations. (RSA 162-F:19, IV). In NDFC 2007-1, the Committee approved the Owners' request to change the earliest date by which decommissioning is assumed to begin from 2015 to 2020, based on the fact that the plant's performance made the risk of premature decommissioning increasingly unlikely. (NDFC 2007-1 FRO at 35). In 2012 the Committee changed this from a fixed date range to 10 years from the date of the approved schedules of payments, or 2025 in this docket. (NDFC 2012-1 FRO at 3). Recognizing that there have now been permanent shutdowns of plants primarily for economic reasons and that it would not be necessary to wait ten years from a decision to permanently shutdown to actually begin dismantlement, the Committee requires that for purposes of determining the adequacy of decommissioning funding assurances, the earliest date by which decommissioning shall be assumed to start in the event of a premature cessation of operations shall be no later than five years from the date of the announcement of the cessation of operations. If such an announcement were made this year, the funding schedule that is based on current NDFC-approved assumptions projects that in five years, or by 2020, the Trust would be 59% fully funded. Although about 69% of the funds are scheduled to be spent within the first ten years after shutdown under the DECON scenario, growth of the fund and the mandated parental funding assurances provide a high degree of confidence that there would be sufficient resources to begin

prompt dismantlement of the plant after a two to three year planning period, as well as maintain the spent fuel in dry storage until 2101, and then complete the decommissioning of the ISFSI. These funds would also be supported by the funding assurances discussed in Section IV.L, below.

C. Stipulation

The parties presented the Committee with a Stipulation that provided a comprehensive summary and discussion of the positions of each of the parties on the issues to be addressed in this docket. They agreed unanimously on the following points:

- The Committee should approve the TLG estimate of $1,118,610,000 in December 31, 2014 dollars based upon commencement of decommissioning in 2030, storage of spent nuclear fuel and GTCC waste at the site until 2100, and the final dismantlement of the ISFSI by 2101.
- In the event that the NRC authorizes license renewal and extends the expiration of the operating license until 2050, the estimated cost to decommission Seabrook Station should be $1,029, 918,000 in December 31, 2014 dollars.
- The funding date should remain at 2030.
- Earnings assumptions for the bond funds (Funds 1A, 2 and 3) should remain at 6%.
- The Trust allocation targets including the ±3% bandwidth target remain appropriate.
- The decommissioning period liquidity coverage ratio should remain at 3.3.
- All required 2016 contributions should be made to the Escrow.

- The recalculated Support Agreement should be reduced to $282.9 million from its current value of $287.9 million.
- The funding schedule should assume that the Department of Energy (DOE) takes receipt of the first nuclear fuel from Seabrook Station in 2077 and completely removes the spent nuclear fuel and Greater-Than-Class-C waste by 2101.
- Core inflation should remain at 3.0%.
- Decommissioning escalation should be reduced from the present value of 3.85% to 3.50%.

NextEra, Hudson, and Taunton requested that the assumed rate of return of 7.5% on the Opportunistic fund not be changed, while MMWEC, which has previously stated that this fund introduces an unwarranted level of risk into the portfolio (NDFC 2012-1 Stipulation at 8), took no position. There was disagreement among the parties on the issue of the release of Escrow Funds, the adequacy of the funding assurances, and the assumed rate of return on Trust Funds invested in equities. NextEra proposed that all but $10 million of the funds held in the Escrow for NextEra be returned to the Company. Neither Taunton nor Hudson objects. MMWEC, however, maintains that the NextEra business model is inherently risky and that release of any Escrow Funds from any owner at this time weakens the funding assurances (Exhibit 13 at 5) and that any consideration of such a request should be deferred until the docket following issuance of a renewed operating license, as the NDFC has already stated as its intent. (NDFC 2014 FRO ¶13). All of the parties, except MMWEC, stipulate that the funding assurances contained in NDFC Docket 2002-2 remain adequate to ensure that NextEra meets its share of the cost to decommission the plant. MMWEC continues to maintain its position with respect to

the NextEra Energy funding assurances as enunciated in the Stipulation to NDFC Docket 2002-1. MMWEC also takes exception to the request by NextEra Energy, Taunton, and Hudson that the Committee increase the equity return assumption from 8.5% to its prior level of 9.5%. MMWEC recommends that the Committee retain the 8.5% equity return assumption.

D. Projected Cost of Decommissioning

Since this was the comprehensive review year, TLG Services provided a revised analysis of the decommissioning cost estimate using the same methodology as in past estimates. The estimate has increased from $985.2 million, as calculated in the previous 2011 cost analysis, to $1,119 million in the 2015 cost analysis. This equates to an annual rate of increase of about 3.2%, less than the approved assumed escalation rate of 3.85% and the proposed escalation rate of 3.5%, but more than the 2.58% escalation rate that the 2015 TLG Escalation Analysis projects going forward..

Decommissioning estimates are divided into three basic components by the NRC and the nuclear industry. License Termination ("LT") costs are those required to meet the NRC's criteria to reduce radiological contamination sufficiently to release the site for unrestricted use. EPA regulations apply to any non-radiological soil or water contamination. Spent Fuel Management ("SFM") costs are those required to store the last operational load of nuclear fuel in the spent fuel storage pool for the required cooling time (typically 5-6 years), transfer it to dry storage at the ISFSI, safeguard all the spent fuel stored in the ISFSI until DOE takes receipt, and finally decommission and dismantle the ISFSI. Site Restoration ("SR") costs are those necessary to restore the site to the condition required by state authorities beyond what is necessary for radiological

unrestricted use. For New Hampshire, this condition is the Commercial-Industrial Standard which recognizes that certain buildings, structures, and physical features of the operating station will provide value to the site after final shutdown and are therefore retained for future development.

Since the last update in 2010, Vermont Yankee ceased operations and is being decommissioned through the SAFSTOR[5] method, and Southern California Edison's San Onofre Nuclear Generating Stations Units 2 & 3 have shut down and are being decommissioned thorough DECON[6] or prompt dismantlement, as will be the case for Seabrook. These projects provide the Committee with an opportunity to compare the Seabrook funding estimate with the detailed estimates that a plant develops when decommissioning is imminent. Charts 5 and 6 provide some basic information about the four plants and compare their respective decommissioning costs, respectively.

Chart 5
Seabrook, Vermont Yankee and SONGS Plant Data

	Reactor Type	MWe (Electrical Output)	Year Licensed	Year Ceased Operations	Decom Estimator
Seabrook	PWR	1246	1990	NA	TLG
Vermont Yankee	BWR	620	1972	2014	TLG
SONGS 2	PWR	1127	1983	2012	EnergySolutions
SONGS 3	PWR	1127	1984	2012	EnergySolutions

[5] Under SAFSTOR, often considered "deferred dismantling," a nuclear facility is maintained and monitored in a condition that allows the radioactivity to decay for up to 60 years; afterwards, the plant is dismantled and the property decontaminated.
[6] Under DECON (immediate dismantling), soon after the nuclear facility closes, equipment, structures, and portions of the facility containing radioactive contaminants are removed or decontaminated to a level that permits release of the property and termination of the NRC license.

Chart 6
Seabrook, Vermont Yankee and SONGS Decommissioning Cost Estimates

	SEABROOK	Vermont Yankee	SONGS 2	SONGS 3
License Termination	647,542,000	817,219,000	1,034,230,000	1,078,016,000
Spent Fuel Management	419,504,000	368,347,000	623,209,000	652,987,000
Site Restoration	51,564,000	57,145,000	423,297,000	599,507,000
TOTALS	**1,118,610,000**	**1,242,712,000**	**2,080,735,000**	**2,330,511,000**

Any comparison must focus on the LT costs since the SR costs and, to a lesser extent, the SFM costs are site-specific. As shown in Charts 5 and 6, Vermont Yankee's LT cost estimate is higher than that of Seabrook (~29%) even though Vermont Yankee is a much smaller plant. The Stipulation states that there are two primary reasons for this: 1) Seabrook is a pressurized water reactor (PWR) while Vermont Yankee is a Boiling Water Reactor ("BWR"); and 2) the Seabrook estimate is based on DECON while Vermont Yankee will use SAFSTOR.

In a BWR, reactor coolant is converted to steam inside the reactor vessel which then flows outside the containment into the Main Turbine in the Turbine building. Therefore, by design, the Main Turbine, connected pumps and piping, and other components are radiologically contaminated. In a PWR, the reactor coolant stays liquid under pressure, flows through heat exchanger (steam generator) tubes to heat feedwater that flashes to steam and then flows outside containment to the Main Turbine. The reactor coolant does not leave the containment in a PWR. As a result, radiological contamination is lower in a PWR than in a BWR where radiological contamination extends into the Turbine Building. The Stipulation points out that the NRC's Standard Review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors indicates that waste burial

costs and volumes, reflective of the level of contamination, are 83% higher for a BWR than for a similarly sized PWR. (Exhibit 3 at 19). The NRC Standard Review Plan also calculates that the overall total LT costs using prompt dismantlement or the DECON method for a BWR are 46% higher than for a PWR.[7]

The other major difference between the Seabrook and Vermont Yankee estimates is the method of decommissioning. Because Vermont Yankee will undergo SAFSTOR, Entergy must mobilize staff to prepare it for the period of dormancy and then mobilize a second time many years later to plan and execute the dismantling of the plant. While both plants will maintain an ISFSI where the spent fuel is stored until DOE takes receipt of it, Vermont Yankee will also have large radiologically contaminated structures remaining on site until they are dismantled at the end of the dormancy period, requiring prolonged periods of surveillance and security. At the end of the dormancy period, Vermont Yankee will have to remobilize and re-characterize the site, and re-initiate planning for decommissioning once more without the experience and institutional knowledge of the operating staff. This will generate significant additional labor costs as shown graphically in the figures below. (Exhibit 3 at 20).

[7] See NUREG 1713, Standard review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors, published December 2004, Tables 7 and 8 on page 18 (www.nrc.gov).

Figure 1
License Termination Cash Flow

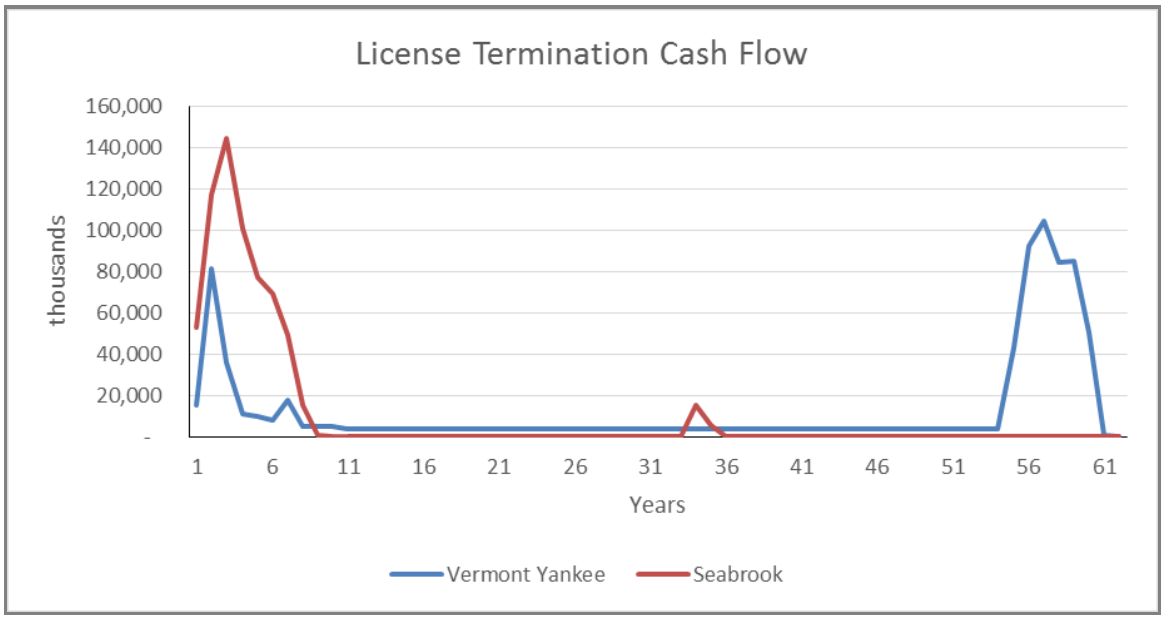
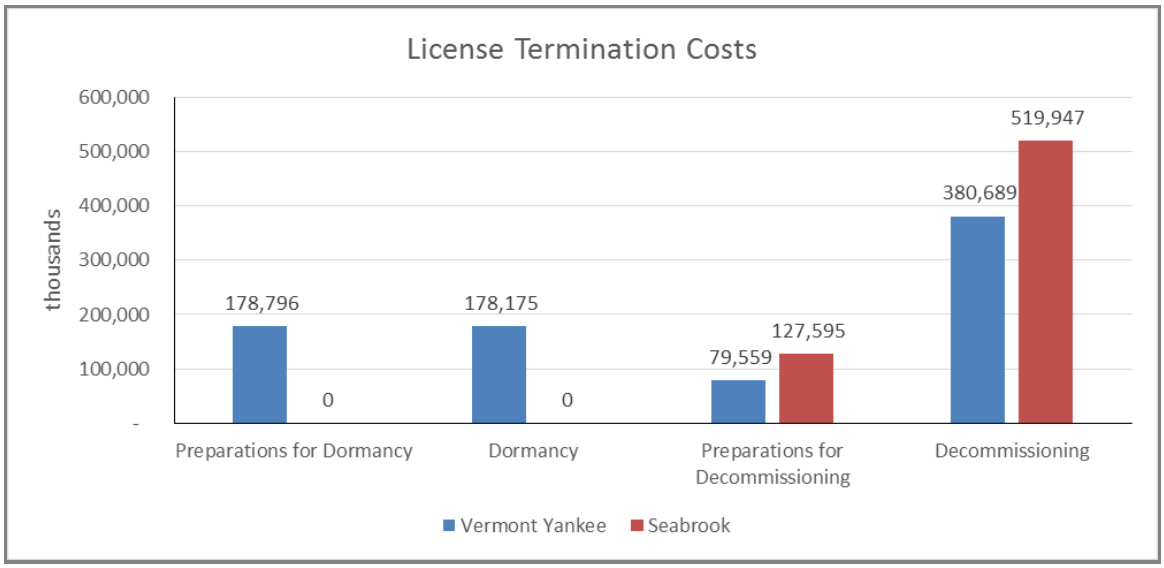


Figure 2
License Termination Costs

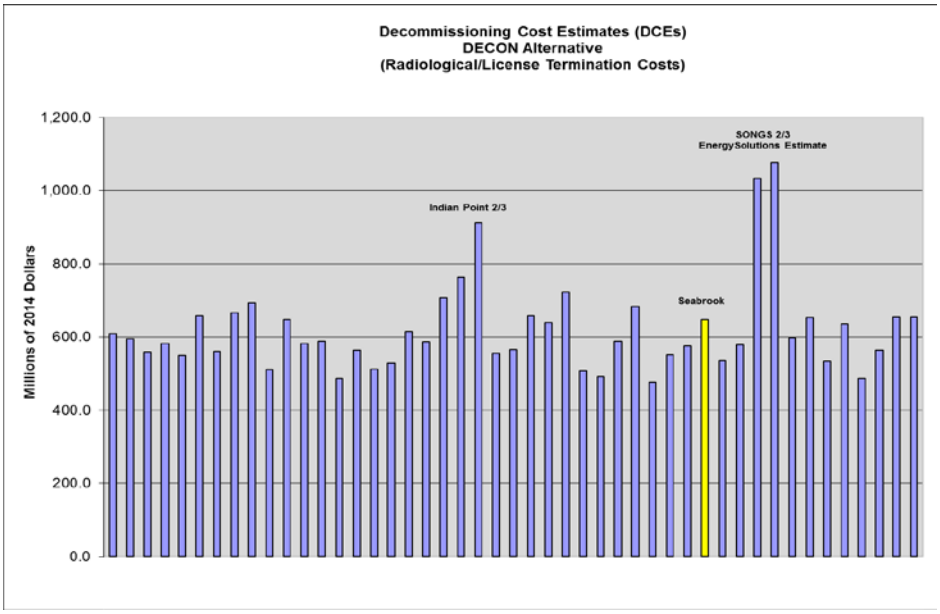


NextEra provided the Committee with summaries of estimates conducted by TLG in 2011 for decommissioning Seabrook Station through both the DECON and SAFSTOR methods assuming a 2050 license termination date. The SAFSTOR estimate was $72 million or 8% more than the DECON method. (Exhibit 20). In comparison, the NRC has

estimated in their NUREG-1713 study that decommissioning a PWR through the SAFSTOR method would cost about 56% more than through the DECON method. [8]

TLG did not conduct the SONGS 2 & 3 decommissioning estimates and has not analyzed them. Based on information in the public record, however, NextEra states that the primary differences between the estimates is in staffing and durations for reactor internals segmentation, plant systems, and large component removal. The Stipulation also notes that the SONGS estimates apply a flat contingency to all activities, while Seabrook applies different contingencies to specific activities. Finally, the following figure was submitted (Exhibit 3 at 27) to provide perspective to the SONGS costs estimates when compared to other estimates for PWR's greater than 1000 Megawatt Electrical (MWe), like Seabrook Station.

Figure 3
Cost Estimates for PWRs Greater than 1000 MWe



(MWe = electrical output of a power station)

[8] See NUREG 1713, Standard review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors, published December 2004, comparing Tables 7 and 9 on pages 18-19 (www.nrc.gov).

Figure 3, above, highlights that the SONGS 2 & 3 estimates are well above all others except the estimates for decommissioning Indian Point 2 & 3 which, according to the Stipulation, are also high as a result of extensive soil contamination and site restoration requirements related to site specific and legacy contaminated soil. As additional evidence that the SONGS 2 & 3 estimates are outliers, Mr. Cloutier asserted that EnergySolutions, the author of the SONGS estimates, has provided a fixed price bid to decommission the two Zion nuclear units for less than $1 billion in total. (Exhibit 8 at 7-8).

In the case of Maine Yankee, which permanently shut down in 1997, the TLG pre-decommissioning cost estimates turned out to be close to the actual costs. In 1997 TLG estimated that it would cost $343.3 million to decommission with the DECON method. Six months before the license was terminated in 2005, with decommissioning nearly complete, Maine Yankee reported decommission expenditures of $405 million to the NRC. This represents a modest 2.4% annual growth in the original estimate, well within the currently approved Seabrook decommissioning escalation rate of 3.85%.

Rancho Seco was shut down prematurely in 1989 as a result of a referendum following 24 years of operation. The Owners initially planned to utilize the SAFSTOR method. However, in 1999 its majority owner and operator, Sacramento Municipal Utility District ("SMUD"), elected to promptly dismantle the plant. Like Maine Yankee, SMUD relied on the TLG estimate as its baseline for reporting decommissioning costs to the NRC. TLG's 1999 DECON estimate was $458 million. In 2010, approximately six months after a majority of the plant was released from the operating license and decommissioning was essentially complete except for onsite storage of spent fuel, SMUD

reported to the NRC that the total cost was $503.9 million in 2009 dollars representing an annual increase of less than 1% over the original 1999 estimate.

TLG develops pre-shutdown decommissioning cost estimates in a conservative manner that incorporates cost elements which admittedly may exceed those associated with the actual plan to decommission. They are designed, however, to provide flexibility in how the project is actually completed by making conservative assumptions with appropriate contingency provisions. As a result, the pre-shutdown estimates should encompass the actual costs. (Exhibit 8 at 4). This has been borne out in the cases of Maine Yankee and Rancho Seco. The Committee is concerned regarding the fact that the each of the SONGS unit estimates for License Termination is almost 60% higher for DECON than the similarly sized Seabrook Station and that an analysis is not available to explain this large difference. This concern, however, is ameliorated by the following factors: 1) TLG's expertise, reputation and experience in the nuclear industry; 2) the fact that the TLG estimates closely matched the actual costs for the now-completed Maine Yankee and Rancho Seco plants; 3) the consistency between the Seabrook and Vermont Yankee estimates when adjusted for the different reactor types and planned decommissioning method; and 4) the opportunity to monitor those costs through the public filings required by the NRC and make adjustments if necessary during the annual reviews. For these reasons, the TLG estimate of $1,118,610,000 (December 31, 2014 dollars) for decommissioning Seabrook Station is approved for establishing the schedules of payment with a funding date of 2030.

The TLG estimate for a 2050 funding date is $1,029,918 in year-end 2014 dollars. The relatively small decrease relative to the cost associated with the 2030 funding date is

due to the fact that if the plant operates until 2050, the IFSI costs will be allocated to decommissioning for 20 fewer years. The Committee will allow the Owners to use this estimate without further review in the 2017 docket if the NRC approves the license renewal application before the end of 2016.

E. Funding Date

The Funding Date is point at which the Trust shall have sufficient monies to complete decommissioning under the schedule approved by the NDFC. (RSA 162-F:14, V). The schedules of payments are calculated using the funding date to establish the full term of payments. In Docket 2003-1, the Committee designated the NRC operating license expiration date as the funding date. (Docket 2003-1 Final Report and Order at 14). Since that time, Seabrook Station's regulatory[9] and operational performance has continued to be strong as evidenced by the recent completion of two consecutive "breaker-to-breaker"[10] runs, the Committee finds no reason to believe that Seabrook Station will not operate for the full period of its current licensed life. The funding date should, therefore, continue to coincide with the current operating license expiration date of 2030. The Committee also reviewed a decommissioning cost estimate based on approval of the license renewal application and a funding date of 2050. If the NRC extends license expiration to 2050 before December 31, 2016, the funding date shall be changed to 2050 in calculating the funding schedule for 2017.

[9] Seabrook Station received the highest rating from the New Hampshire Department of Environmental Services in 2014 and remains in the NRC's "License Response" column which means that as a result of performance, it requires no additional inspection scrutiny beyond the norm.

[10] "Breaker-to-breaker" means that a plant has operated at full power from the completion of one refueling outage to the commencement of the next without any planned or unplanned outages or power reductions.

F. Escalation

Escalation is the rate at which the cost to decommission is assumed to increase from year to year. It is derived by separating the individual cost components of decommissioning into categories of labor, materials, energy, LLRW disposal, and "other" for expenses that do not easily fit elsewhere. Different escalation indices are then applied to each of these components, and a weighted average composite escalation rate is derived for the decommissioning cost as a whole. In Seabrook Station's decommissioning funding schedule, the "Target Cost" for each funding year is then increased by this rate. The Target Cost for a given future year, therefore, is an approximate cost of decommissioning in that year's dollars. It is only approximate in that the timing of shutdown will impact some decommissioning cost components such as the amount of spent nuclear fuel stored in the ISFSI or the level of radiological contamination of certain structures and components. The ratio of the trust balance to the Target Cost at any given time is a barometer of the progress that is being made toward full funding.

In the NDFC Docket 2011-1, the Committee lowered the escalation rate from 4.2% to 3.85%. NextEra has now requested a further reduction based on the TLG Escalation Analysis (Attachment F to Exhibit 1) which concludes that decommissioning costs are expected to increase annually by only 2.58% going forward, including the remaining duration of the operating life and through the decommissioning period. The Joint Owners, however, only seek what they characterize as a modest reduction to 3.5%. The TLG Escalation Analysis was supported by a report from IHS. (Attachment G to Exhibit 1).

TLG's qualifications in the area of calculating escalation rates were examined and accepted previously by the Committee. (Docket 2007-1 Final Report and Order at 19).

The TLG approach complies with NRC requirements (10 CFR 50.75) in that the cost elements are categorized as either labor, equipment/material, energy, low level radioactive waste ("LLRW") disposal, and "other" for items not otherwise categorized. IHS developed the indices and approved the appropriateness of their use in the TLG calculation. IHS qualifications to forecast pricing conditions are presented in its report. (Attachment G to Exhibit 1).

Chart 7, below, breaks down the Seabrook decommissioning cost components and the indices applied to the labor, equipment and material, and energy components. As shown, the Consumer Price index is used for Class B and C Waste disposal and the "other" category which includes licensing fees, taxes, fees for disposal of Greater-Than-Class C waste, and radiological surveys, since these are made up primarily of materials and services. IHS concurred with the use of these indices for these cost items. For the LLRW segment, the rates are derived from the NextEra's Life-of-Plant Disposal Agreement with EnergySolutions that provides for 100% disposal of the Class A LLRW[11] generated by the plant during its operations. (Exhibit 3, Attachment F).

[11] Class A is the lowest LLRW category for radiological contamination and comprises about 97% of the total LLRW volume.

Chart 7
IHS Global Insight Escalation Indices

Category	Percent of Total Cost of NDFC 2030 (%)	IHS Forecast Database	Average Annual Rate of Escalation
Labor	59.6	Employee Cost Index Total Compensation, Private Industry Workers (ECIPCTNS	2.71
Equipment & Material	13.4	Producer Price Index, Fuels & Related Products and Power (WPIP05)	1.13
Energy	1.7	Producer Price Index, Machinery & Equipment (WPIP11	2.27
Class A LLRW Disposal	5.9	NextEra and EnergySolutions life-of-project agreement	1.95
Class B and C LLRW Disposal and Recycling	2.3	Consumer Price Index, Services (CUSASNS)	2.64
Other	17.1	Consumer Price Index, Services (CUSASNS)	2.64
COMPOSITE	**100.0**		**2.58**

As additional support of their request that the escalation rate be lowered to 3.5%, the Owners note that the 3.5% escalation rate would result in a 2030 target cost of $4.6 billion compared to a target cost of $2.9 billion using 2.58%. This difference is portrayed by the Owners as a $1.7 billion buffer. As we have previously stated, (NDFC 2011-1 FRO at 21) however, the Committee views the assumed escalation rate as being unrelated to the Trust balance and will not consider the amount held in the Trust or the potential for excess monies being left in the Trust at the end of decommissioning when setting the escalation rate.

The TLG escalation analysis is straightforward. Given the indices developed or approved by IHS, it is a matter of applying them to the cost components as determined by the cost estimate. In the view of the Committee, therefore, the appropriate escalation rate

is a function of the historic accuracy of the TLG cost estimates and the applied IHS indices. If, for example, decommissioning estimates for Seabrook or for the industry in general have been increasing significantly from year to year or, if the actual costs of decommissioning nuclear plants have turned out to be much higher than the estimates going into the projects, then the escalation rate should reflect the probability that there are hidden costs and/or scope not captured by the estimate that could lead to higher overall decommissioning costs.

In Docket NDFC 2011-1, although TLG claimed that its experience in several decommissioning projects indicated that the reported costs compared well with what was predicted, no specific evidence or quantitative data on the predicted versus actual costs were provided. As described in Section D above, information has now been presented to the Committee that indicates that the TLG estimates have been tested and proven reasonably accurate for a number of plants that have actually completed decommissioning.

With respect to the IHS indices used in the TLG Escalation Analysis, the following Chart presents the IHS ten-year forecasts in 2005 versus the actuals for indices used in the Seabrook decommissioning estimate.

Chart 8
IHS Global Insight Ten-Year Forecasts vs. Actuals

	Projected for 2015 in 2005	Actual 2015
Compensation (Labor)	39%	22.2%
Equipment	3.4%	10.2%
Energy	Flat	34%
CPI	23.1%	21.2%

Chart 8 demonstrates that although the IHS prediction for overall inflation as represented by CPI was very accurate, there was a wide divergence in the projections and actuals for the individual components. IHS states that this does not indicate a weakness in the model, noting that its long range forecasts "…are developed as the mean of possible outcomes, with the actual projection seen as following a central 'trend path.' This trend can be thought of as the track along which the economy (or inflation) should move. During peak years in the business cycle, however, growth and inflation will exceed rates suggested in the trend outlook. Conversely, during a recession, both growth and inflation will be weaker than suggested by the trend forecast. Over time, though, growth and inflation will be seen to oscillate around this central trend, with their most likely value at any point in time along this path…[T]he value of this trend approach (again a mean of possible outcomes, not an extrapolation of history) is proven in the general accuracy of aggregate concepts like the consumer price index." (Exhibit 18 No. 33). IHS also notes that if the forecasts for energy and equipment had been extended for two quarters and one year respectively, its forecast error would have been greatly reduced.

IHS considers each of the indices that TLG has selected for its escalation analysis to be appropriate for the cost components being evaluated. The IHS index used for labor (ECIPCTNS) is a broad measure that includes construction as well as white collar workers in the private sector that would be retained for the Seabrook decommissioning. It also covers benefit costs which IHS states have been the driving force in labor escalation in recent years. The equipment index (WPIP05) used for Seabrook decommissioning is also a broad measure of machinery and equipment that includes a range of equipment that would be used to dismantle Seabrook Station. The LLRW

component of escalation is known because it is captured in the disposal contract that NextEra has with EntergySolutions. Energy is less than 2% of the total cost and therefore has little impact on escalation. We also concur with the TLG escalation analysis that the CPI as a measure of goods and services is representative of the non-labor costs that are included in the "other" category. (Attachment G to Exhibit 1)

Since the IHS forecasts only project forward for 25 years, TLG uses a "moving average" method in which the most recent 25 years of indices are averaged to determine the future year index. For example, if the IHS indices provide forecasts out 25 years to 2040, the predicted escalation for 2041 and each subsequent year is the arithmetic average of the prior 25 years. (Attachment F to Exhibit 1 at 3/15). IHS concurs with this approach, stating that it is reasonable in this application and has been recommended by IHS to its clients for very long term forecasts. (Attachment G to Exhibit 1 at 7)

The effect of the proposed change in escalation on funding projections is seen in Chart 3. If the only change from the approved set of input parameters (Column 1) is the proposed reduction in escalation (Column 3), the short-term effect is that the required contributions over the next three years is decreased by about a million dollars and over the next ten years, it is decreased from about $15 million to about $7.5 million based on September 30, 2015 Trust balances. All contributions are from MMWEC since the other Owners are overfunded. Lowering escalation to 3.5% would also increase the projected overfunding from $400 million to about $1.2 billion. To reiterate, the Committee views the assumed escalation rate as being unrelated to either the projected Trust balance or the required Escrow contributions in the ensuing years and therefore considers neither the amount held in the Trust, the potential for excess monies being left in the Trust at the end

of decommissioning, nor the resulting contribution amounts required of the Joint Owners when setting the escalation rate.

As in the last comprehensive review, the specific evidence presented by IHS with respect to the accuracy of the indices used in the TLG Escalation Analysis is a table that presents IHS's projected change during the first forecast of the year for the past ten years, 2005 through 2014, and the actual change that occurred in each year. (Attachment G to Exhibit 1 at Appendix A). In other words, it presents the accuracy of its one-year forecasts over the last ten years. These are of limited relevance to the 85-year planning horizon for the decommissioning Trust. Even if data showing long-range forecasting versus actual escalation in the past were presented and shown to be relatively accurate, prudency would dictate a conservative approach for assigning a value for such a long period.

Since the Committee last reviewed a proposed reduction in escalation, however, much has been learned about the true costs of decommissioning as discussed in Section IV.D, above. Large nuclear plants such as Rancho Seco and Maine Yankee have been decommissioned and we are able to compare their actuals with what TLG estimated before the units were shut down. Evidence has been provided that shows the estimates have tracked the actual costs of decommissioned plants closely. The reduction requested by the Owners is also modest in comparison to the escalation rate that TLG has calculated to be warranted and to the previous request. For these reasons, and after public deliberation, the Committee decided at the Seabrook hearing that the escalation rate will be reset from the present 3.85% to 3.5%.

G. Inflation Rate

An inflation adjustment is applied to the schedules of payments after the projected cost of decommissioning is determined. The contribution requirements (if any) will increase each year by the inflation rate. The goal of the inflation adjustment is to avoid inter-generational transfers of decommissioning obligations that would result if different generations of customers paid an identical nominal amount toward decommissioning in the then current year dollars without regard for the decrease in the value of those dollars over time. The inflation adjustment is distinguished from decommissioning escalation in that the former reflects the general increase in the level of prices for goods and services while the latter refers to the rise in the cost of services and materials specific to the process of decommissioning Seabrook Station.

In these proceedings, the parties request that the inflation rate should remain at 3%. According to the Investment Consultant's report for 2015 (Attachment C to Exhibit 1 [LCG Report]), data for inflation as measured by the Consumer Price Index became available in 1962. Historical inflation since 1962 has measured slightly above 3.0%, as a result of the rampant inflation rates of the late 1970s and early 1980s. The average inflation rate for the last 20 years is lower than 3.0%. LCG also states that 3.0% is the rate currently used in its 30-year inflation model. (Attachment C to Exhibit 1 at pp.27-28). For these reasons, LCG concludes that inflation expectations of 3.0% are reasonable and should not be adjusted. The Committee agrees and continues to find that a 3% inflation adjustment is reasonable.

H. Trust and Escrow Earnings Assumptions

The only change in assumed rates of return requested by the Owners is for an increase in the return on equities from 8.5% to 9.5%. The assumed returns on the Fixed Income, Opportunistic assets, and Escrow Funds are 6.0%, 7.5%, and 0.25%, respectively.

1. Fixed Income

As shown in Chart 4, about 27% of the Trust Funds were held in Fixed Income investments as of the end of 2014. Investment Guidelines require the Fund to begin to reduce the Trust's equity position beginning five years prior to the anticipated initial dismantlement period (assumed to begin in 2030) at which time at least 50% of Trust assets must be held in cash or cash equivalents (Fund 4), up to 25% in equities, and up to 25% in fixed income. After the ten-year initial dismantlement period, the maximum limits revert back to 70% equities and 100% fixed income, where they are today.

The Investment's Consultant's internal thirty-year return assumptions for Core (Fund 2) and Core Plus (Funds 1 and 3) fixed income holdings are 5.5% and 5.7%, respectively. LCG states, however, that over a long term horizon such as Seabrook Station's 86 years, they expect fixed income returns to meet or exceed the 6.0% return assumption. For purposes of analysis, LCG uses the Barclay's Aggregate Index for the Core investments and the Barclay's U.S. Universal Index for the Core Plus[12]. Both register a compound rate of return of about 8.0%, with the Aggregate index dating back to 1976 while the Universal dates to 1990. (Attachment C to Exhibit 1 at 22).

[12] The New Hampshire Retirement System also uses the Barclays Capital Universal Bond Fund Index for its Fixed Income Fund. See publicly available new Hampshire Retirement System Comprehensive Annual Investment Report p.13.

In view of the Investment Guidelines and the Owners' target allocations for equities, it is reasonable to expect that the holdings in Fixed Income will remain fairly steady even through the Initial Dismantlement period at around 25%. Fixed Income is also inherently less volatile than equities. The Committee expressed concerns over the fact that the return on Fixed Income since inception has been lower than the 6.0% assumed in the funding schedule. (Concord Tr. at 198-199). As discussed below, however, the Committee's interest is to ensure that the overall rate of return or blended return for all investment types is sufficiently conservative to assure adequate funds for decommissioning even in the event of a premature shutdown. In view of this and the analysis provided in the LCG Report, the Committee sees no reason to change the assumed returns on either Fixed Income or Escrow at this time.

2. Opportunistic

NextEra is the only owner with Opportunistic investments, which the Committee reviewed and approved in the 2012 Docket, allowing an assumed rate of return of 7.5% for purposes of calculating the funding schedule. (NDFC 2012-1 FRO at 2). At that time, the Committee stated that it would continue to monitor these Trust investments. Approval of the 7.5% return was based on a presentation by NextEra and LCG indicating that these direct lending instruments are expected to earn between 12% and 15% on an internal rate of return basis as described in the 2012 Annual Report. The returns on these investments are written into the contracts and, according to the 2015 LCG Report, currently stand at 13.51% after fees. LCG, however, notes that these returns may not always be as robust as today. The actual returns are also impacted by the loss rate for the loans, that is, the number and the average amount of defaults. Based on the average

default rate and recovery rates from 1998 to 2014, LCG expects losses to be only slightly over 1%[13]. LCG continues to consider an assumed return of 7.5% as "conservative and appropriate" and NextEra does not seek a change. MMWEC took no position on the 7.5% rate of return but has opposed this investment instrument in the past. (NDFC 2013-1 Stipulation at ¶3.1.1). The Committee will continue to monitor this investment closely, but sees no reason to change the 7.5% assumption at this time.

3. Equities

Since the equity earnings and decommissioning cost escalation assumptions are the principal drivers of the funding schedules, relatively small changes in these two inputs can have a large impact. This can be seen by comparing the values in Columns 1 and 4 in Chart 3, above. Column 1 summarizes the funding schedule using the currently approved input values but with the new TLG 2015 cost estimate. In Column 4, the only change is an increase in the equity rate of return from 8.5% to 9.5% as proposed, which reduces the contribution requirements for 2015 and 2016 by over a million dollars and the total contributions from 2015-2029 by about $9 million. All contributions for this scenario are from MMWEC, since the other Owners are projected to be overfunded.

The Committee reduced the assumed rate of return on equities from 9.5% to 8.5% in the NDFC 2012-1 docket due to its concern that the prior rate was optimistic rather than conservative and higher than other fiduciary trusts with long-term horizons such as the New Hampshire Retirement System. Because the funding schedule assumes an inflation rate of 3.0%, this equates to a real rate of return above inflation of 5.5%.

[13] The loss rate is simply the percentage of loans that go into default for a given period times the amount of the loan that is not recovered once it goes into default. In this case, the default rate is 3.4% and the recovery rate is 69.1% which means that 30.9% is not recovered. .034x (.309) x100 = 1.05%.

The Owners argue that the 8.5% assumption is lower than the rate supported by historic returns. Their stipulation notes that the equity markets generally have produced a 23.7% annualized return since the economic trough in March of 2009 and that the Trust ended 2015 ahead of the expectations anticipated in the Final Report and Order in Docket NDFC 2014-1. Such short-term returns are disregarded in the Committee's deliberations regarding an appropriate long-term rate-of-return in order to focus on long-term data which the Owners agree is more relevant to setting assumptions. For that, we turn to the 2015 LCG Report. The Investment Consultant provides over twelve pages of well-documented data on the long-term performance of equities. As reported by LCG and summarized in Chart 9, the long-term returns for equities have been higher than assumed in the Seabrook decommissioning funding schedule.

Chart 9
IHS Global Insight Historic Rates of Return for Equities

	Period	Percent of Trust As of 12/31/2014	Average Calendar Year Rate of Return
Large Cap	1926-2014	63%	12.1%
Mid and Small Cap	1979-2014	20%	14.4%
International	1970-2014	17%	11.8%

The LCG Report also carefully and thoroughly reflects the volatility in equities over these periods with charts showing Maximum, Average, and Minimum returns for one, five, ten, and twenty-year periods and rolling five, ten and twenty-year returns. The chart below summarizes the LCG Report data for the frequency of such rolling periods that exceeded the current 8.5% and the proposed 9.5% equity return.

Chart 10
Rolling Period Observations

	% Above 8.5%			% Above 9.5%		
	5 Year	**10 Year**	**20 Year**	**5 Year**	**10 Year**	**20 Year**
Large Cap	62	63	74	57	54	67
Mid & Small Cap	73	83	98	67	79	93
International	50	46	66	42	41	64
Blended Equity	65	76	92	62	70	81

With a funding date of 2030, the Investment Guidelines require that 75% of Trust assets be held in fixed income or cash by 2025. The Committee therefore considers the 5 and 10-year rolling period observations to be most relevant. As the chart shows, although a majority of these observations for domestic equities are above 8.5% and even 9.5%, a considerable percentage were below these levels and at least half were below for international equities. Since about 70% of decommissioning expenses will be incurred in the first ten years after shutdown, a sharp drop in the equity markets between now and 2025 would not allow sufficient time to recover before the funds are shifted to fixed income instruments.

Equities, of course, are just a part of the total Trust portfolio. The return on the total portfolio or "total blended return" is defined as the overall return on Trust investments assuming that each owner is at the target allocations for Equities, Fixed Income and Opportunistic with their respective assumed rates of return. If equities are assumed to return 8.5%, the total pre-tax blended rate of return is 7.74%; at 9.5% the total pre-tax blended rate of return is 8.38%. (Exhibit 19). LCG reported that for a hypothetical portfolio with a similar asset allocation to the Seabrook Trust, the return since 1976 would actually be above the 7.74% total blended return 74% of the time for

rolling five-year periods, 79% for ten-year periods, and 100% of the time for twenty-year periods. (Attachment C to Exhibit 1 [LCG Report] at 10).

In addition to looking at historic returns on equities, the Committee believes it is important to determine how the Seabrook nuclear decommissioning trust ("NDT") assumptions compare with those of other NDT's and other long-term funds. Information on other NDT's was provided in response to a hearing request for a summary of a 2014 survey of NDT's by NISA Investment Advisors, LLC ("NISA"). (Exhibit 22). The actual full NISA report was also placed in the record by Committee Counsel as Exhibit 23. The survey was comprehensive in that the respondents represent 93% of total investor-owned utility megawatt capacity and 83% of total megawatt capacity. (Exhibit 23 at 3).

The survey shows that the average NDT Trust allocation to equities among respondents was about 53%. The current actual allocation to equities in the Seabrook Trust as of year-end 2014 was 62.6%.

Since the NISA survey respondents provide assumed returns on an after-tax basis and Seabrook's assumed return on equities is on a pre-tax basis, LCG converted the NISA returns to pre-tax by making certain assumptions about taxes[14]. In order to provide an after-tax comparison, Committee counsel also converted the Seabrook assumed return to pre-tax using the same assumptions. The following Chart 11 summarizes the comparison of the NISA survey results on equity returns with the Seabrook NDT.

[14] It is assumed that Qualified Funds are taxed at 20% and Non-qualified at 35%.

Chart 11
Comparison of Blended Returns from NISA Survey and Seabrook NDT

	NISA Survey Respondents		Seabrook NDT	
	Qualified	**Non-qualified**	**At 8.5% for Equities**	**At 9.5% for Equities**
Blended Pre-tax ROR	7.25%	7.38%	7.74%	8.38%
Blended After-tax ROR	5.8%	4.8%	6.38%	7.13%

LCG's initial observation is that the NISA data may be skewed by the fact that each NDT is at a different stage of life, noting that as a plant gets closer to final shutdown, NDT investments are apt to be increasingly allocated to the more conservative classes. The Committee, however, has not found anything in the LCG observations or in the NISA report itself to indicate that more conservative investing by plants close to the end of operational life is the factor that skews the data toward a more conservative, i.e. lower, assumed rate of return. Furthermore, although Seabrook Station is one of the newest nuclear plants, there are many other plants that, due to license renewal, are farther away from operating license expiration.

LCG's second and third observations point out that a significant percentage of NISA survey respondents had higher than average assumed returns with 45% expecting after-tax returns on their Qualified Funds to range from 6% to 7%, equivalent to a pre-tax range of 7.50% to 8.75%, and 40% expecting after-tax assumed returns on their Nonqualified Funds to range from 5% to 6%, equivalent to a pre-tax range of 7.69% to 9.23%. LCG states that the plants with these higher average assumed returns have similar profiles and timelines to Seabrook. Again, the Committee was unable to find anything in the NISA survey document or in LCG's summary to support this statement or to even define what is meant by the Seabrook profile and timeline.

LCG's fourth and final observation is to note that TLG's calculated escalation rate of 2.58% and the proposed escalation rate of 3.5% are supported by the NISA survey since 55% of the respondents report using a cost *escalation* factor of less than 3%. Unlike the Seabrook plan, however, the NISA Survey report does not seem to distinguish between *inflation* and decommissioning cost *escalation*. This is evidenced by the statement in the NISA report (Exhibit 23 at 13) that inflation assumptions "have a prevailing influence" on estimating both decommissioning liabilities *and* after-tax rates of return. In any event, the NISA report also states that when one weighs the respondent's Qualified, Nonqualified and Non-Investor Owned Utility Trusts by their market value, the average real assumed after-tax return is only 2.4%, which would be lower than the assumed real Seabrook after-tax return of 5.5% based on an assumed equity rate of return of 8.5%.

The Committee believes that state and municipal retirement system funds are an imperfect but reasonable proxy for NDT's. They are large long-term funds which are managed on a total return basis, recognizing the importance of preservation of capital as well as the fact that reasonable and varying degrees of investment risk are generally rewarded over the long term. The New Hampshire Retirement System presently assumes a blended rate of 7.75% on its long-term investments. This is in line with other state and municipal retirement systems. Some larger systems such as the California Public Employees and California Teachers Retirement Systems use an assumed rate of 7.5%, and other pension fund fiduciaries are currently reducing assumed rates of return. The Owners, with the support of the Investment Consultant, have been pressing for a return to an assumed equity rate of return of 9.5% after it was reduced to 8.5% in 2012. The basic

arguments for the higher rate have not changed in that time, relying primarily on the long-term historic performance of equities. With the current Trust allocations, the assumed return on equities largely determines the annual contribution requirement from the Owners. Presently only MMWEC shoulders such a requirement, although this could change with a significant market downturn or a change in one of the other input parameters. The Committee recognizes that whatever assumed rate of return it sets, the funding schedule can be adjusted during the annual resets to compensate for shortfalls in actual returns and thereby allow for sufficient recovery by the funding date. We prefer, however, to set a reasonable but conservative assumed rate that will minimize large fluctuations in the funding schedule. The fund will incur significant expense obligations beginning in 2030 unless the license renewal is approved. Although not perfect, a comparison of assumed return on investments versus large pension funds has validity. As shown in Exhibit 19, the blended rates for state and municipal pension funds are generally in the range of 7.5% to 8.0% with a median rate of 7.90%. At 7.74%, the Seabrook Trust assumed blended return is in line with these, including the New Hampshire Retirement System. At 9.5%, the assumed return would be significantly higher than the return of the pension funds. Although LCG argued for the higher rate, it conceded that 8.5% is not unreasonable, simply at the "very low end of a reasonable range." (Exhibit 1 Attachment C at 7). The Committee believes the Seabrook Decommissioning Trust assumed returns should be conservative in order to minimize the risk of underfunding.

In summary, although long-term rates of return on equities have been documented to be higher than that assumed in the Seabrook Trust, the Committee believes that a

conservative approach to establishing the funding schedule must be maintained to ensure that adequate funds are available for the prompt dismantlement of Seabrook Station at the end of its current licensed life in 2030, as well as for premature cessation of operations. Since an assumed equity rate of return of 8.5% yields an overall blended rate of return on Trust investments that is actually slightly less conservative (higher) than the average assumed rates of other NDTs as reported in the NISA survey and in line with the assumed returns of other long-term funds such as retirement system funds (Exhibit 19), the Committee sees no reason to change the rate of return on equities for purposes of calculating the funding schedule.

I. Coverage Ratios

In Docket 2005-1, the NDFC adopted the use of a coverage ratio to ensure that throughout the first seven years of prompt dismantlement there was adequate funding and liquidity available. The coverage ratio, during this prompt dismantlement period, is defined as the ratio of the funds held as cash, cash equivalents, and high quality fixed income investments to total expenses to be paid from the Decommissioning Trust in the following year. (NDFC Docket 2005-1 Final Report and Order at 16). Although the Owners have not requested a change, they state in the Stipulation that because of the high level of overfunding projected in the funding schedules, there is no longer a need to require a coverage ratio. The Committee disagrees. The coverage ratio sets a floor on the amount of liquidity available during the dismantlement period without relying on the forced liquidation of equities, which by their nature are volatile over the short term. The amount of overfunding projected for 2101 is not material in our view. In any event, the Committee sees no reason to change the coverage ratio.

J. Allocation Targets

The investment guidelines allow a maximum allocation to equities of 70%, applied to each Joint Owner's total asset value at the time the equity holdings are purchased. If the Joint Owner's actual allocation as of the date determined by the Committee is within 3% of the Joint Owner's target, the targeted allocation would be assumed in calculating the funding schedule. Otherwise, the target or actual allocation, whichever is lower, would be used. The chart below highlights each owner's targets and their actual allocations as of June 30, 2015.

Chart 12
Joint Owner Target Allocations

		Target	Actual
NextEra	Equities	65	67
	Fixed	25	26
	Opportunistic	10	7
MMWEC	Equities	55	63
	Fixed	45	37
Hudson	Equities	30	33
	Fixed	70	67
Taunton	Equities	30	31
	Fixed	70	69

The Owners have not requested a change in either the allocations or the criteria for when to assume the target or actual allocation for the purposes of generating the funding schedule and therefore the Committee will not change them.

K. Release of Escrow

The Escrow fund is a cash funding assurance controlled by the NDFC, with the monies held outside of the Trust. The Committee can release all or part of the Escrow, or

transfer the monies to the Trust, at any time. In the event of any attempt to seize the Escrow Funds, the money will automatically be transferred to the Trust by order of the State Treasurer. (Escrow Agreement 11(b)). In this proceeding NextEra repeated its request last made in the 2013 docket for a return of part of its share of Escrow. While acknowledging that the Committee has stated previously that it would defer consideration of a return of Escrow to the Owners until after a decision is made regarding the license renewal, NextEra requests that all but $10 million of its share of the Escrow be refunded. The other Seabrook Owners did not request release of monies from their Escrow accounts. MMWEC opposes any release of Escrow to NextEra on the grounds that it weakens the financial assurance provided by such funds. (Exhibit 3 at §3.21)

Based on August 31, 2015 Trust balances, NextEra's share of the cost of decommissioning would be overfunded by $5.2 billion if the cost escalation rate and assumed return on equities are maintained at 3.85% and 8.5%, respectively; and by $46 billion with the proposed 3.5% escalation rate and 9.5% return on equities. NextEra parent guarantees also provide unlimited funding assurance over and above the escrow. (Exhibit 6 at 19-20). The last time that the Committee reviewed this matter in any detail was in NDFC 2013-1. The reasoning at that time for denying the request by NextEra was that the status of license renewal remains uncertain and, therefore, the need for the Escrow Funds for decommissioning as early as 2030 remains a possibility. The Committee reiterated this position in NDFC 2014-1 and will maintain it in this docket.

L. Funding Assurances

Funding assurances are required of all non-utility Owners of Seabrook Station. (RSA 162-F:21-a, III). The NDFC may impose a funding assurance requirement to

ensure recovery of decommissioning costs in the event there is a premature permanent cessation of operations. (RSA 162-F:19, IV). In NDFC Docket 2002-2, the NDFC established funding assurance requirements for NextEra, which included a guaranty by its indirect parent company, NextEra Energy Capital Holdings (formerly FPL Group Capital, Inc.), which in turn is backed by a guaranty by the holding company, NextEra Energy, Inc. (formerly FPL Group, Inc.). To ensure full funding of the decommissioning obligation, the Committee established "triggers" that would result in immediate payments by NextEra in the event of a deterioration in the financial health of NextEra Energy or NextEra Energy Capital Holdings.

None of the triggers associated with the NextEra Funding Assurance requirements has been approached. The following chart summarizes the status of the Funding Assurances with respect to the triggers.

Chart 13
Status of NextEra Funding Assurances and Triggers

Event	Result	2011 Status
NextEra Seabrook fails to make a scheduled payment to the decommissioning fund	➢ In addition to schedule payments, payment equal to 6-months of payments paid into the fund ➢ All decommissioning payments will also be made as scheduled by NDFC	No payments have been missed.
NextEra Energy sells 80% FP&L (FPL utility) generation assets	➢ 12-months of decommissioning payments paid into Escrow ➢ NextEra Energy Seabrook must show cause why funding assurance should not be changed ➢ All decommissioning payments will also be made as scheduled by NDFC	A review of the 8K's and 10K's demonstrated that NextEra Energy did not sell any of FP&L's generation assets in 2014.

Event	Result	2011 Status
NextEra Energy's Funded debt to total Capitalization exceeds 0.65:1.00	➢ NextEra Energy Seabrook will not pay any cash dividends or other transfers to NextEra Energy, /or/ ➢ NextEra Energy Seabrook may make payment equal to 6-months of payments paid into the decommissioning fund, in addition to all other scheduled payments ➢ All decommissioning payments will also be made as scheduled by NDFC	The adjusted total debt to capital ratio was 51.1% as of 12/31/2014.
NextEra Energy's operating income falls below $800 million	➢ NextEra Energy Seabrook must show cause why funding assurance should not be changed ➢ All decommissioning payments will also be made as scheduled by NDFC	According to the NextEra Energy Annual Report, operating income was $17.0 billion in 2014.
NextEra Energy's operating income falls below $600 million	➢ 12-months of payments paid into Escrow ➢ NextEra Energy Seabrook must show cause why funding assurance should not be changed ➢ All decommissioning payments will also be made as scheduled by NDFC	According to the NextEra Energy Annual Report, operating income was $17.0 billion in 2014

The Committee is satisfied that the financial capability of NextEra, as backed by the funding assurances of NextEra Energy, Inc., remains sufficient to fund NextEra's decommissioning obligation, even in the event of permanent premature cessation of operation.

The Committee has previously determined that Taunton, Hudson, and MMWEC have contractual and statutory obligations that cannot be voided, even through employment of the Bankruptcy Code, and that additional funding assurances were not required of those Seabrook Owners. (NDFC Docket No. 2008-1, at 21 – 29). The Committee is satisfied that those obligations are sufficient at this time.

M. Support Agreement

Under the Support Agreement, established in Docket NDFC 2002-1, NextEra Energy Capital Holdings agrees to provide, upon request, financial support throughout Seabrook's licensed life to NextEra Energy Seabrook for prolonged outages if its available cash does not permit it to fund ongoing operating expenses. While important to provide additional guarantees that Seabrook Station will be properly maintained, this is not a funding assurance and not enforceable by the NDFC. The NDFC, however, monitors the Support Agreement and the parties agreed to recalculate the amount in accordance with the formula described below at the four-year reviews and to provide at least 30 days' notice to the NDFC of any proposed changes.

The formula for determining the amount of the guarantees from NextEra Energy Capital Holdings to NextEra Energy Seabrook is taken from Section 9.3 of the Stipulation of the Parties entered in NDFC Docket 2002-2 which states that the amount available for outages less than nine months shall be equal one-half of the average annual operations and maintenance expense for NextEra's share during the immediately preceding three-year period and the most recent projection for the succeeding three years. The additional commitment for outages lasting more than nine months' duration uses the same formula. The Support Agreement funds are automatically replenished after any outage except an outage leading to premature shutdown. The current level of the Support Agreement is $287,900,000. NextEra has completed an update for 2015 and, as a result of operational efficiencies realized during the period, determined that the total amount available for outages less than nine months shall be $141,460,000. The additional commitment for outages lasting more than nine months' duration shall also equal

$141,460,000. The total guarantee, therefore, is reduced to $282,920,000. (Exhibit 17) The parties propose no other changes to the terms of the Support Agreement.

N. Contributions

The NDFC will continue the practice of requiring all 2016 decommissioning payments to be deposited in the Escrow. The schedules of payment shall be calculated assuming that all Escrow Funds held in the name of an owner that is projected to have a balance after decommissioning is completed in 2101 ("overfunded") under the NDFC-approved funding schedule are refunded to that owner in 2016. If a Seabrook Owner is not projected to be overfunded, its Escrow Funds, up to but not exceeding that amount that would lead to overfunding, are assumed to be transferred to the Trust. These assumptions are made only for purposes of establishing the funding schedule. Any actual transfers of Escrow Funds to the Trust or back to the Seabrook Owner shall be determined separately by the Committee.

O. Schedules of Payment and December Reset

In Docket 2002-2, the NDFC established the practice of setting the Schedules of Payments beginning on January 1 of the following year based on a November 30 actual Trust balance in the docket year, adjusted to estimate the end-of-year balance as closely as possible. In Docket 2004-1, the year-end calculation was further refined and was again adjusted in Docket 2009-1 to include the Escrow balances and assumed expenses in December in determining future annual contributions. This approach permits the best full-year estimate of earnings and expenses during the year to be recognized when setting contribution requirements for the next year. This practice is known as the "December true-up." The Schedules of Payments for 2016 shall be based on the actual Trust and

Escrow balances as of November 30, 2015, adjusted for the projected expenses of administering the Trust and Escrow for December 2015. The input assumptions and other requirements of the Final Report and Order shall be used in establishing the 2016 Schedule of Payments.

P. 2016 Annual Report

NextEra is to file, no later than March 1, 2016, an independent auditor's report of the Seabrook Nuclear Decommissioning Financing Fund and Escrow Fund as of December 31, 2015. By April 30, 2016, NextEra shall file the annual update required in order for the Committee to perform the annual review of fund performance and fund assurance as required by RSA 162-F:22, II.

Q. Other Reporting Requirements

In NDFC 2002-1, which established the funding assurances required before NextEra Energy could acquire an Ownership interest in Seabrook Station, the Committee ordered the Managing Agent to provide on an ongoing basis information relating to: the operations of NextEra Energy's nuclear facilities; certain filings made to the United States Securities and Exchange Commission ("SEC"); notice of the enactment of Florida statutes or Florida Supreme Court orders mandating the restructuring of utility service in Florida; and failure by NextEra Energy Capital to maintain any of the representations or warranties made to the NDFC. NextEra has now requested that the Committee eliminate the obligation to produce the SEC filings that are publicly available on-line and for which an automatic notification may be set up. The Committee approves this request and also requests that a review of the other information requirements contained in NDFC 2002-2

be reviewed next year to determine if certain requirements should either be updated or eliminated.

V. CONCLUSION

For the reasons set forth within this Report and Order, the Committee finds that the requirements of RSA 162-F will be met by the decisions of the NDFC and the resulting schedules of payment.

Based on the foregoing, it is hereby

ORDERED, that the funding assurance provided by NextEra Energy Seabrook and those of the other Seabrook Owners as approved in the Docket 2002-2 Final Report and Order shall remain in place and unchanged; and it is

FURTHER ORDERED, that payments into the Funding Assurance Escrow are funding assurance obligations, and are not schedules of payment obligations of the Seabrook Owners. Payments into the Escrow are obligations imposed by the NDFC and fully enforceable by the Committee; and it is

FURTHER ORDERED, that the coverage ratio shall be not less than 3.3 times the projected decommissioning cost in each year from 2030 through 2036, which would be the actual decommissioning period after the surrender of the operating license for Seabrook Station. The coverage ratio is defined as the amount held as cash, cash equivalents, and high-quality fixed income instruments, compared to the total expenses to be paid from the Decommissioning Trust in the following year; and it is

FURTHER ORDERED, that the payments into the Decommissioning Trust and Funding Assurance Escrow from Seabrook Station Owners for 2016 shall be calculated in accordance with this Final Report and Order, the total of which will be determined by the calculation of a revised schedules of payment; and it is

FURTHER ORDERED, that for purposes of calculating the schedules of payments, the funds held in the Escrow for each Seabrook Owner shall be treated in the following manner. If a Seabrook Owner is projected to have a balance remaining in its portion of the Trust after decommissioning is assumed to be completed in 2101 ("overfunded"), the 2014 schedules of payments should assume that Seabrook Owner's

Escrow balance is returned to the Seabrook Owner in 2016. If the Seabrook Owner is not projected to be overfunded, the Seabrook Owner's funds held in the Escrow shall be assumed to be transferred to the Seabrook Owner's Trust in 2016 but at an amount not exceeding that which would lead to overfunding in the Trust. These assumptions are only for the purposes of establishing the funding schedules of payments for 2014. Any actual transfers of Escrow Funds shall be determined separately: and it is

FURTHER ORDERED, that the schedules of payments for 2016 shall be based on the actual Trust and Escrow balances as of November 30, 2015, adjusted for the projected expenses of administering the Trust and Escrow for December 2015. The input assumptions and other requirements of the Final Report and Order shall be used in establishing the 2016 Schedule of Payments; and it is

FURTHER ORDERED, that each Seabrook owner shall deposit 100% of its 2016 contribution into the Funding Assurance Escrow; and it is

FURTHER ORDERED, that the Support Agreement shall be unchanged except that the funds available from NextEra Capital Holdings to NextEra Energy Seabrook for outages less than nine months shall be reduced to $141,460,000 with an additional commitment of $141,460,000 for outages lasting more than nine months; and it is

FURTHER ORDERED, that payments into the Funding Assurance Escrow are funding assurance obligations, and are not schedules of payments obligations of the Seabrook Owners. Payments into the Escrow are obligations imposed by the NDFC and fully enforceable by the Committee; and it is

FURTHER ORDERED, that NextEra is to file no later than May 31, 2016, an independent auditor's report on the Seabrook Nuclear Decommissioning Financing Fund and the Seabrook Escrow Fund as of December 31, 2015; and it is

FURTHER ORDERED, that the 2016 Annual Report is to be filed no later than April 30, 2016, and shall include the information required by the NDFC as set forth herein.

This Final Report and Order is released on December 28, 2015.

Agreed by the Nuclear Decommissioning Financing Committee this 28th day of December, 2015.

WILLIAM DWYER,
OFFICE OF THE TREASURER

ROBERT E. INTRONE,
REPRESENTATIVE

SAM CATALDO, SENATOR

SCOTT BRYER,
DEPARTMENT OF SAFETY

MARTIN HONIGBERG,
NH PUBLIC UTILITIES COMMISSION

JAMES FREDYMA,
HEALTH AND HUMAN SERVICES

RICHARD A. MINARD, Jr.,
NH OFFICE OF ENERGY AND PLANNING

WILLARD BOYLE,
TOWN OF SEABROOK