

**THE STATE OF NEW HAMPSHIRE
NUCLEAR DECOMMISSIONING FINANCING COMMITTEE
DOCKET NO. NDFC 2022-1**

FINAL REPORT AND ORDER

Concord, New Hampshire
June 20, 2023

Table of Contents

I. SUMMARY OF FINDINGS	1
II. PARTIES AND THEIR POSITIONS.....	2
III. PROCEDURAL HISTORY.....	3
IV. BACKGROUND	
V. DISCUSSION.....	8
A. Projected Cost of Decommissioning.....	8
B. Funding Date.....	8
C. Escalation	9
D. Inflation Rate	9
E. Trust and Escrow Earnings Assumptions.....	9
F. Coverage Ratio	10
G. Allocation Targets.....	10
H. Funding Assurances	11
I. Contributions	14
J. Schedules of Payments.....	14
K. Guidance for 2023 Comprehensive Report.....	14
VI. CONCLUSION	14
CHARTS:	
1. Exhibits Recorded at the Concord Hearing.....	5
2. Exhibits Recorded at the Seabrook Hearing.....	6
3. Trust and Escrow Balances.....	7
4. Projected Overfunding.....	8
5. Status of NextEra Funding Assurance and Triggers.....	12

THE STATE OF NEW HAMPSHIRE
NUCLEAR DECOMMISSIONING FINANCING COMMITTEE
DOCKET NO. NDFC 2022-1
FINAL REPORT AND ORDER

1 **I. SUMMARY OF FINDINGS**

2 In this docket the Nuclear Decommissioning Financing Committee (“NDFC” or
3 “Committee”) conducted the annual review required by RSA 162-F:22. The Committee
4 made the following determinations to ensure that the Joint Owners of the Seabrook Nuclear
5 Station (“Seabrook Station”) provide sufficient funding to complete the prompt, safe, and
6 orderly decommissioning of Seabrook Station as required by RSA 162-F:22:

7 1) The projected cost of decommissioning will be \$1,192,830,757 in accordance with the
8 estimate by TLG Services, Inc. in the 2019 Seabrook Station Decommissioning Cost
9 Analysis (*See*: Docket NDFC 2019-1 Exhibit 13. *See also*: Docket NDFC 2019-1 Final
10 Report and Order at 7) escalated to December 31, 2022 at the rate of 3.50%, as
11 approved by this Committee in NDFC 2016-1 (*See*: Docket NDFC 2016-1 Final Report
12 and Order at 1).

13 2) For the purpose of calculating the schedules of payments, it shall be assumed that onsite
14 storage of spent nuclear fuel and Greater-Than-Class C (“GTCC”) radioactive waste in
15 the Independent Spent Fuel Storage Installation (“ISFSI”) shall be required until 2100,
16 with the ISFSI subsequently dismantled and permanently removed in 2101.

17 3) The decommissioning cost escalation adjustment applied to the schedules of payments
18 will continue to be 3.50%.

1 4) The funding date will continue to be 2050 as approved in NDFC 2019-1 (*See*: Docket
2 NDFC 2019-1 Final Report and Order at 1) for purposes of calculating the funding
3 schedule for 2023.

4 5) The inflation adjustment applied to the schedules of payments will continue to be
5 2.75% as approved by the Committee in NDFC 2016-1 (*See*: Final Report and Order
6 at 2).

7 6) The assumed rates of return on the Trust funds shall be as follows:

8 a. Equities: 8.50%

9 b. Fixed Income:

10 Core 4.25%

11 Core Plus 4.45%

12 c. Cash and cash equivalents (long-term): 2.25%

13 d. Opportunistic Strategy asset class (“Opportunistic Fund”): 7.50%

14 7) The assumed rates of return on Escrow fund investments shall be 0.25%.

15 8) The liquidity coverage ratio during the first seven years of prompt dismantlement, as
16 defined in the NDFC 2005-1 Final Report and Order and clarified in NDFC 2019-1
17 (*See*: Final Report and Order at 23), shall continue to be 3.3.

18 9) The funding assurances from each Owner of Seabrook Station (“Joint Owner” or
19 “Seabrook Owner”) will remain unchanged.

20 **II. PARTIES AND THEIR POSITIONS**

21 In NDFC Order No. 1, issued on July 15, 2022, the NDFC granted full party status
22 to NextEra Energy Seabrook (“NextEra” or “Managing Agent”) and MMWEC and
23 recognized NextEra, in its capacity as Managing Agent, as the representative of Taunton
24 Municipal Lighting Plant (“Taunton”), and the Hudson Light and Power Department

1 (“Hudson”), with Taunton and Hudson retaining the right of full participation at their
2 choosing. NextEra, with its Counsel representing Taunton and Hudson, participated in a
3 public hearing held pursuant to RSA 162-F:21 in Concord, New Hampshire on November
4 14, 2022 (“Concord Hearing”). At the Concord Hearing, the parties produced a Stipulation
5 of the Full Parties (“Stipulation”) (Exhibit 2) presenting the positions of the parties on
6 issues identified in NDFC 2022-1 Order No. 1 and the exhibits in support of these positions.
7 MMWEC was represented at the public hearing by Mr. Matthew Ide.

8 Sworn affidavits were provided in support of each position presented in the
9 Stipulation. Subject to MMWEC’s continuing reservations regarding NextEra’s funding
10 assurances (Exhibit 9 at 7), the Joint Owners requested that the Committee make the
11 following findings:

- 12 1. The assumed cost of decommissioning should be \$1,192,830,757 in December 31,
13 2022 dollars;
- 14 2. The earnings assumptions shall remain as approved in Docket NDFC 2021-1;
- 15 3. The financial assurances as approved in Docket NDFC 2021-1, remain adequate;
- 16 4. The financial assurance triggers shall remain in place without modification; and
- 17 5. Following receipt of this Final Report and Order, the Managing Agent shall submit
18 funding schedules in accordance with the above findings, updated to include Trust
19 balances and earnings and expense estimates as required by the Committee.

20 **III. PROCEDURAL HISTORY**

21 On May 12, 2022, NextEra filed the Seabrook Station 2022 Annual Report.
22 NextEra arranged for copies to be available for public review in the town of Seabrook. The

1 Annual Report included a report entitled Investment Consultant’s Review of Funding
2 Schedule and Investment Assumptions (“LCG Report”) by LCG Associates (“LCG”) dated
3 April 4, 2022 and the Joint Owner Proposed Funding Schedules based on Trust balances
4 as of March 31, 2022

5 The Order of Notice for this docket was issued on June 20, 2022. Timely notice of
6 the OON was published in The New Hampshire Union Leader on June 27, 2022 and the
7 Seacoast Classified Ads on June 24, 2022, and posted at the Seabrook Community Center
8 on June 23, 2022. An Affidavit of Publication dated June 28, 2022 was provided by the
9 Managing Agent.

10 A pre-hearing conference was held telephonically on July 12, 2022 during which
11 the parties agreed to a proposed procedural schedule and docket scope, which the
12 Committee adopted in NDFC Order No. 1 issued on July 15, 2022.

13 The Stipulation of the Full Parties was signed and received at the Concord Hearing.
14 During the Concord Hearing, Counsel for NextEra presented a witness panel consisting of:
15 Matthew Levander, Regulatory Affairs Manager for NextEra Energy Seabrook, LLC;
16 Andrew D. Vynne, Director of Business Management for NextEra Energy Resources; and
17 David Emerson, Senior Vice-President and Principal of LCG Associates in his capacity as
18 the Decommissioning Trust’s Investment Consultant.

19 Each of the witnesses and the following individuals provided affidavits:

20 Matthew Ide, Executive Director of Energy & Financial Markets for Massachusetts
21 Municipal Wholesale Electric Company, submitted an affidavit in support of the

1 Stipulation's statements on the adequacy of MMWEC's funding assurances and
2 MMWEC's long-standing position on NextEra's funding assurances.

3 Kimberly Holmes, General Manager for the Taunton Municipal Lighting Plant,
4 submitted an affidavit in support of the Stipulation's statement on the adequacy of
5 Taunton's funding assurance including supplemental information consisting of the most
6 recent report of credit rating on Taunton from Moody's.

7 Brian Choquette, General Manager for the Hudson Light and Power Company,
8 submitted an affidavit in support of the Stipulation's statement on the adequacy of
9 Hudson's funding assurance including supplemental information consisting of the most
10 recent report of credit rating on Hudson from Moody's.

11 The Exhibits indicated in Chart 1 below were offered and accepted by the
12 Committee at the Concord Hearing.

13
14

Chart 1
Exhibits Recorded at the Concord Hearing

Exhibit Number	Description
By Full Parties	
1	2022 Annual Report and all attachments referenced therein
2	Stipulation of the Full Parties
3	Proposed Schedules of Payments based on Trust balances as of July 31, 2022
4	Affidavit of Matthew Levander
5	Affidavit of Andrew D. Vynne
6	Affidavit of David Emerson, LCG Associates, Inc.
7	Audit of Trust
8	Audit of Escrow
9	Affidavit of Matthew Ide
10	Affidavit of Kimberly Holmes

Exhibit Number	Description
11	Affidavit of Brian Choquette
12	NextEra Status and Financial Metrics as of November 2022
13	Affidavit of Notice of Publication

As required by RSA 162-F:21.IV, a public hearing was held on June 20, 2023 in the Town of Seabrook (“Seabrook Hearing”). Additional exhibits submitted by NextEra and entered into the record at the Seabrook Hearing are listed in Chart 2 below.

Chart 2
Exhibits Recorded at the Seabrook Hearing

Exhibit Number	Description
By Full Parties	
14	Docket NDFC 2022-1 Preliminary Report and Order
15	Affidavit of Publication by NextEra Energy Seabrook, LLC dated June 9, 2023
16	Docket NDFC 2022-1 Final Report and Order

1 **IV. BACKGROUND**

2 Chart 3 presents the year-end Trust and Escrow balances for each fund investment
3 for 2020, 2021 and 2022.

Chart 3
Trust and Escrow Balances

Fund Investments	Year-End 2020 (\$Millions) (%)		Year-End 2021 (\$Millions) (%)		Year-End, 2022 (\$Millions) (%)	
1A Fixed Income	119.8	12.4	118.5	10.5	102.8	10.8
1B Equities	129.1	13.4	148.0	13.1	117.0	12.3
2 Fixed Income	35.9	3.7	40.8	3.6	35.7	3.8
3 Fixed Income	96.2	10.0	133.0	11.8	120.1	12.7
5 Equities	479.8	49.6	569.6	50.6	442.5	46.7
6 Equities	49.1	5.1	55.7	5.0	45.3	4.8
7 Opportunistic	56.8	5.9	60.1	5.3	84.2	8.9

Fund Investments	Year-End 2020 (\$Millions) (%)		Year-End 2021 (\$Millions) (%)		Year-End, 2022 (\$Millions) (%)	
Trust Total	966.6		1,125.8		947.6	
Escrow Investments	20.5	100	12.1	100	0.0	100
Total including Escrow	987.1		1,138.0		947.6	

1 Funds 1A and 1B are “qualified” funds of the Managing Agent (NextEra Energy
2 Seabrook). Earnings generated by qualified funds receive a favorable tax rate that, by law,
3 is set at 20%. Taxes on qualified funds are included as expenses and are paid out of the
4 Trust, as can be seen in the funding schedules. Nonqualified fund earnings flow through
5 to the Managing Agent and are taxed at the corporate federal tax rate plus any applicable
6 state tax. Tax obligations on nonqualified funds are funded outside the Trust. The three
7 municipal Joint Owners are not subject to taxes and do not invest in the qualified funds.
8 NextEra has investments in the qualified and nonqualified funds. The Investment
9 Guidelines dictate the limiting percentage that the portfolio of an individual owner may
10 hold in each fund or asset class.

11 Under current assumptions for rates of return and with a funding date of 2050, large
12 surpluses (“overfunding”) are predicted for each Joint Owner upon completion of
13 decommissioning and removal of all spent nuclear fuel from the site as assumed in 2101
14 (Exhibit 2 at 3). Although overfunding remains significant, Chart 4 shows a decline in
15 projected overfunding due to the recent market declines from year-end 2021 to July 31,
16 2022, as reported in the Stipulation¹.

17

¹ According to Attachment D to the NDFC 2023-1 Comprehensive Report, the overfunding based on balances as of April 30, 2023 is over \$57 billion.

1
2
3
4

**Chart 4
Projected Overfunding**

Joint Owner	Projected Overfunding Based on December 31, 2021 Balances	Projected Overfunding Based on July 31, 2022 Balances
MMWEC	\$ 2.7 billion	\$1.7 billion
Taunton	\$11.4 million	\$6.7 million
Hudson	\$ 10.1 million	\$6.0 million
NextEra	\$74.4 billion	\$57.3 billion
Total	\$77.2 billion	\$59.0 billion

5 **V. DISCUSSION**

6 **A. Projected Cost of Decommissioning**

7 The Committee conducted a review of the detailed revised cost estimate presented
8 by TLG Associates on behalf of the Joint Owners in the NDFC 2019-1 comprehensive
9 review. No changes were proposed in this docket. Therefore, for purposes of the funding
10 schedules, the projected cost of decommissioning shall be assumed to be the estimated cost
11 approved in NDFC 2019-1 escalated at 3.50% to December 31, 2022 dollars or
12 \$1,192,830,757.

13 **B. Funding Date**

14 The Funding Date is the date established by the Committee at which time the Trust
15 shall hold sufficient funds to complete decommissioning under the schedule approved by
16 the NDFC. (RSA 162-F:14 VII). The schedules of payments are calculated using the
17 Funding Date as the latest date when payments could be received. In Docket NDFC 2019-

1 1, the Committee extended the funding date from 2030 to 2050 based on the 20-year license
2 extension awarded to Seabrook Station in March 2019, and its continued strong operational
3 performance. The Funding Date shall continue to coincide with the current operating
4 license expiration date of March 15, 2050.

5 **C. Escalation**

6 Escalation is the assumed rate at which the cost of decommissioning increases from
7 year to year. The Committee approved the current rate of 3.50% during the 2015
8 comprehensive review (*See*: NDFC 2015-1 Final Report and Order at 1). It will remain at
9 3.50% until modified by the Committee.

10 **D. Inflation Rate**

11 An inflation adjustment is applied to the schedules of payments after the projected
12 cost of decommissioning is established. The contribution requirements (if any) increase
13 each year by the inflation rate. The purpose of the inflation adjustment is to avoid inter-
14 generational transfers of decommissioning obligations that would result if different
15 generations of customers paid an equal nominal amount toward decommissioning, without
16 regard for the decrease in the value of those dollars over time. Although there has been a
17 significant increase in inflation over the last year, the Committee will allow the assumed
18 inflation rate to remain at 2.75% since none of the Joint Owners are currently required to
19 make contributions to the Trust.

20 **E. Trust and Escrow Earnings Assumptions**

21 The Joint Owners have not requested any changes to the assumed returns on Trust
22 or Escrow asset classes. The total portfolio return for the Trust, assuming the NDFC-
23 approved earnings assumptions and the target allocations for each owner, remains at

1 7.32%. The Investment Consultant states that while this is a conservative for the Trust
2 portfolio and its underlying asset classes, it is a prudent assumption. (Attachment C (“LCG
3 Report”) to Exhibit 1 at 29). The Committee approves continuation of the assumed rates
4 of return.

5 **F. Coverage Ratio**

6 The NDFC established the Coverage Ratio requirement as part of the calculation of
7 the schedules of payment to ensure that sufficient cash would be available to promptly
8 complete necessary activities during the seven years of active decommissioning. Presently,
9 active decommissioning is forecasted to be from 2050 to 2056. During that period, a sum
10 of funds for each Joint Owner is to be held in cash, cash equivalents, and high-quality fixed
11 income securities at every point during each calendar year. That sum must be equal to no
12 less than 3.3 times the following calendar year’s anticipated decommissioning
13 expenditures (*See*: NDFC 2019-1 Final Report and Order at 23-24). The Coverage Ratio
14 sets a floor on the amount of liquidity available during the dismantlement period without
15 relying on the forced or untimely liquidation of equities. According to the funding schedule
16 proposed by the Joint Owners (Exhibit 3 to the Stipulation), the lowest overall Coverage
17 Ratio during the decommissioning period is 8.3. The Committee approves continuation of
18 the current Coverage Ratio requirements.

19 **G. Allocation Targets**

20 The Investment Guidelines as approved by the New Hampshire State Treasurer
21 allow a maximum allocation to equities of 70%, applied to each Joint Owner’s total asset
22 value at the time the equity holdings are purchased. If the Joint Owner’s actual investments
23 in equities are within +/- 3% of the Joint Owner’s target when the schedules of payments

1 are approved by the NDFC, the targeted allocation is assumed in calculating the funding
2 schedules. Otherwise, the target or actual allocation, whichever is lower, is used (*See*:
3 NDFC Docket 2015-1 Final Report and Order at 44). The 3% bandwidth is designed to
4 minimize the need to time the market in order to meet the requirements of the funding
5 schedules and the Investment Guidelines, as well as optimize the timing of periodic
6 portfolio rebalancing. The Committee finds no reason to change these assumptions at this
7 time.

8 **H. Funding Assurances**

9 Funding assurances are required of all non-utility owners of Seabrook Station.
10 (RSA 162-F: 21-a, III). The NDFC may impose a funding assurance requirement to ensure
11 recovery of decommissioning costs in the event there is a premature permanent cessation
12 of operations. (RSA 162-F: 19. IV). In Docket NDFC 2002-2, the NDFC established
13 funding assurance requirements for NextEra, which included a guaranty by its indirect
14 parent company, NextEra Energy Capital Holdings (formerly FPL Group Capital, Inc.),
15 which in turn is backed by a guaranty from the holding company, NextEra Energy, Inc.
16 (formerly FPL Group, Inc.).

17 As one of the conditions of the acquisition of an 88% share of Seabrook Station in
18 2002, the Committee also established financial “triggers” that would result in immediate
19 Trust or Escrow contributions by NextEra in the event of a decline in the financial health
20 of NextEra Energy or NextEra Energy Capital Holdings (see Chart 5 below). None of the
21 triggers have ever been reached. Since NextEra has grown significantly since 2002, the
22 Committee requested NextEra to conduct a review of the triggers and determine if they are
23 still appropriate, or should be changed or eliminated. In NDFC 2021-1, the Committee

1 consented to NextEra’s request that this review be deferred until its Trust balance exceeds
 2 its share of the total estimated decommissioning obligation. As of December 31, 2022,
 3 NextEra has 89% of its decommissioning obligations funded and, under the approved
 4 investment earnings assumptions and decommissioning escalation rate, will be fully
 5 funded by year-end 2027. (Exhibit 2 at 9). The Committee agrees to defer any
 6 consideration of changes to the financial “triggers” until this funding crossover occurs.

7
 8

Chart 5
Status of NextEra Funding Assurances and Triggers

Event	Result	2021 Status
NextEra Energy Seabrook fails to make a scheduled payment to the decommissioning fund	<ul style="list-style-type: none"> ➤ In addition to scheduled 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	<ul style="list-style-type: none"> ➤ 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 80% of FP&L’s generation assets in 2021.

Event	Result	2021 Status
NextEra Energy's Funded debt to total Capitalization exceeds 0.65:1.00	<ul style="list-style-type: none"> ➤ 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 12/31/2021. [Exhibit 1 at 11]
NextEra Energy's operating income falls below \$800 million	<ul style="list-style-type: none"> ➤ 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 for 2021 (10K), operating income was \$3,052million as of year-end 2021.
NextEra Energy's operating income falls below \$600 million	<ul style="list-style-type: none"> ➤ 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 for 2021 (10K), operating income was \$3,052million as of year-end 2021

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

5 The Committee previously determined that Taunton, Hudson, and MMWEC are
6 subject to contractual and statutory obligations that cannot be voided, even by resorting to
7 bankruptcy by means of employing the current Bankruptcy Code, and that additional

1 funding assurances were not required of those Seabrook Joint Owners (*See*: NDFC Docket
2 No. 2008-1 Final Report and Order at 21 – 29).

3 **I. Contributions and Schedule of Payments**

4 Under the NDFC-approved assumptions for rates of return on Trust investments
5 and a Funding Date of 2050, all of the Joint Owners are overfunded, i.e., projected to have
6 large surpluses in their respective Trust accounts. As a result, none of the Joint Owners
7 have an obligation to contribute to the Trust in 2023.

8 **J. Schedules of Payments**

9 Because all of the Joint Owners are overfunded and the fact that the Docket NDFC
10 2023-1 Comprehensive Report, including a revised Schedule of Payments with an effective
11 date of January 1, 2024 was submitted prior to the date of this Final Report and Order, a
12 Schedule of Payments for 2023 is not necessary and not included herein.

13 **K. Guidance for 2023 Comprehensive Report**

14 The NDFC must conduct a Comprehensive Review of the projected cost of
15 decommissioning every four years. RSA 162-F:22, I. The Docket NDFC 2023-1 will
16 therefore include a review of the Comprehensive Report which consists of the Annual
17 Report requirements plus an update Decommissioning Cost Study and an updated
18 Decommissioning Escalation Study.

19 **VI CONCLUSION**

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

23 **Based on the foregoing, it is hereby**

1 **ORDERED**, that the funding assurance provided by NextEra Energy Seabrook
2 approved in the Docket NDFC 2002-2 Final Report and Order shall remain in place and
3 unchanged; and it is

4 **FURTHER ORDERED**, that the assumptions approved by the NDFC in this
5 Order shall be used in determining a Schedule of Payments until modified by order of the
6 NDFC.

7 This Final Report and Order is released on June 20, 2023.

 By vote of the NDFC members at the Seabrook Public Hearing on June 20, 2023,
the Chair was authorized to issue this report on behalf of the NDFC.

8

Agreed to by the Nuclear Decommissioning Financing Committee this 20th day of June, 2023.



MONICA MEZZAPELLE
OFFICE OF THE TREASURER



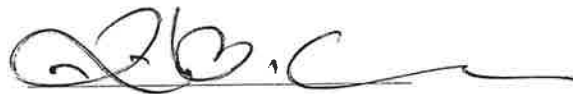
SCOTT BRYER
DEPARTMENT OF SAFETY

WILLIAM GANNON
SENATOR

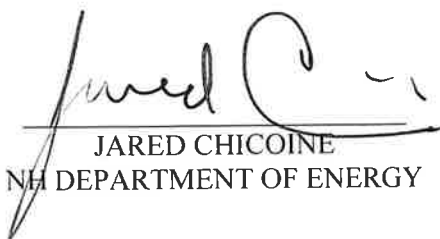


JAMES FREDYMA
HEALTH AND HUMAN SERVICES

DANIEL C. GOLDNER
NH PUBLIC UTILITIES COMMISSION



ABOUL KHAN
REPRESENTATIVE
REPRESENTATIVE, TOWN OF SEABROOK



JARED CHICOINE
NH DEPARTMENT OF ENERGY



MICHAEL HARRINGTON
REPRESENTATIVE