

## **ESCROW AGREEMENT**

This ESCROW AGREEMENT (the “Agreement”) is dated as of \_\_\_\_\_, 2004, by and among FPL Energy Seabrook, LLC (“FPLE Seabrook”), a Delaware limited liability company, the Massachusetts Municipal Wholesale Electric Company (“MMWEC”), a public corporation and a political subdivision of the Commonwealth of Massachusetts, Taunton Municipal Lighting Plant (“Taunton”), a Massachusetts municipal Light Plant and Hudson Light and Power Department (“Hudson”), an agency of a Massachusetts municipal corporation on behalf of the corporation (collectively referred to herein as the “Joint Owners”); the New Hampshire State Treasurer (the “Escrow Agent”) and the Nuclear Decommissioning Financing Committee (the “NDFC”).

## **RECITALS**

**WHEREAS**, the Joint Owners, as tenants in common, collectively own the Seabrook Nuclear Power Station (“Seabrook Station”);

**WHEREAS**, each of the Joint Owners is responsible for its pro rata share of the total cost of decommissioning Seabrook Station;

**WHEREAS**, each Joint Owner is responsible for funding its share of the decommissioning obligation by making contributions into accounts established under the Seabrook Nuclear Decommissioning Financing Fund Master Trust Agreement (the “Trust”);

**WHEREAS**, the contributions each Joint Owner must make into the Trust are established by the NDFC;

**WHEREAS**, under the terms of the Final Report and Order of the NDFC dated December 17, 2003, in Docket No. 2003-1 (the “Order”) (incorporated herein by reference), the NDFC granted authority for the creation of an escrow account into which each Joint Owner would deposit a portion of its annual decommissioning payments and ordered that, “[e]ach year the Committee will establish a revised schedule of payments. The annual contribution as determined each year will be the amount to be paid by the Seabrook owners, with 75% paid into the Trust and 25% paid into the escrow account.” Order at 42;

**WHEREAS**, the Order also provides that the funds accumulated in the Escrow Fund will be distributed from the Escrow Fund to either the Joint Owners and/or the Trust upon a determination by the NDFC regarding the ultimate disposition of the escrowed funds in accordance with the guidance set forth in the Order at 46; and

**WHEREAS**, the parties to this Agreement desire to establish the terms and conditions pursuant to which amounts will be deposited into, held in, and disbursed from, said Escrow Fund pursuant to the Order, or any subsequent order of the NDFC.

**NOW, THEREFORE**, the parties to this Agreement agree as follows:

**1. Escrow.**

(a) **Escrow Fund.** The Escrow Agent agrees to accept delivery of any Required Deposits (as defined in Section (b) of this Section) delivered by each Joint Owner and to hold such amounts together with any earnings thereon in separate accounts for each of the Joint Owners (collectively, the “Escrow Fund”) established for the benefit of each Joint Owner’s Decommissioning Fund obligation, subject to the terms and conditions of this Agreement and the Order, until the Escrow Agent is required to release such amounts from the Escrow Fund pursuant to the terms of this Agreement. The Escrow Fund shall not be subject to a lien or attachment by any creditor of any party hereto and shall be used solely for the purposes set forth in this Agreement. Amounts held in the Escrow Fund shall not be available to, and shall not be used by, the Escrow Agent to off-set any obligations of the Joint Owners, owing to the Escrow Agent, any other Joint Owner, or any other person or entity in any capacity.

(b) **Transfer to Escrow.** Pursuant to the terms of the Order, FPLE Seabrook, as managing agent for Seabrook Station, made a compliance filing with the NDFC on December 19, 2003, that provided an updated schedule of payments for decommissioning contributions beginning in January, 2004. On December 31, 2003, the NDFC issued an order approving a schedule of payments commencing January 1, 2004, and an alternative 2004 schedule of payments to commence upon the approval of an Escrow Agreement by

the NDFC (“Payment Order”). The NDFC will adjust the schedule of payments from time to time and, in each order approving an updated schedule of payments (“Adjusted Payment Order”), the NDFC will, in accordance with the requirements of the Order, set forth each Joint Owner’s required contributions, if any, into the Trust and the Escrow Fund. Each Joint Owner shall deposit with the Escrow Agent amounts into the Escrow Fund required by the Payment Order or any Adjusted Payment Order (“Required Deposits”). Each Required Deposit will be made by each Joint Owner directly to the Escrow Agent on or before the first business day of the month in which the Required Deposit is due and in accordance with instructions provided by the managing agent.

## **2. Release of Escrow Funds.**

(a) Only the NDFC may direct or authorize the Escrow Agent to release money from the Escrow Fund. If, in accordance with the Order and in recognition of the NDFC's statutory responsibility to assure adequate funding of the decommissioning obligation, the NDFC by issuance of an order, determines that some, or all, of the balance in the separate accounts comprising the Escrow Fund may be distributed to the Joint Owners, subject to the provisions of Section 2(c) herein, the NDFC shall provide the Joint Owners and the Escrow Agent with a written notice substantially in the form of Exhibit A hereto (the “Release Notice”) setting forth the precise amounts in the Escrow Fund that shall be released to each of the Joint Owners.

(b) If in accordance with the Order, and in recognition of the NDFC's statutory responsibility to assure adequate funding of the decommissioning obligation, the NDFC by issuance of an order determines that the Trust does not have sufficient funds to ensure the viability of the Trust without a transfer of some or all of the funds held in the Escrow Fund into the Trust, the NDFC shall provide the Joint Owners and the Escrow Agent with a Release Notice setting forth the precise amounts to be transferred from the Escrow Fund into each Joint Owner's Trust account.

(c) For purposes of a Release Notice directing the release of Escrow Fund amounts to one or more Joint Owners, in no event shall amounts contributed to the Escrow Fund by a Joint Owner (the "Contributing Joint Owner"), or earnings thereon, be released to anyone other than the Contributing Joint Owner. For purposes of a Release Notice directing the release of Escrow Fund amounts into one or more Joint Owner Trust accounts, in no event shall amounts contributed to the Escrow Fund by a Joint Owner, or earnings thereon, be released to a different Joint Owner's Trust account.

(d) Within five (5) business days of receipt of the Release Notice, the Escrow Agent shall pay the amounts designated in the Release Notice from the Escrow Fund to the Trust, the Joint Owners, or both. The Escrow Agent shall give notice of the completion of the transfer to the NDFC and to each of the Joint Owners.

(e) Upon properly completing any transfers referred to in Sections (a) or (b) above, the Escrow Agent shall be discharged of any further responsibility or obligation

under this Agreement with respect to the amounts released from the Escrow Fund. The Escrow Agent shall not be responsible in any way for the accuracy of any calculations submitted to the Escrow Agent by the NDFC or the managing agent, the responsibilities of the Escrow Agent in this regard being entirely mechanical and administrative.

### **3. Limitation of the Escrow Agent's Liability.**

The parties acknowledge and agree that the Escrow Agent shall not be responsible for any of the provisions of the Order referred to herein or any subsequent NDFC orders, but shall only be obligated for the proper and timely performance of such duties as are specifically set forth in this Agreement. The Escrow Agent (and his employees, attorneys, representatives and agents) will incur no liability with respect to any action taken or suffered by it in reliance upon any notice, direction, instruction, consent, statement or other document believed by the Escrow Agent in good faith to be genuine and to have been signed by the proper person (and shall have no responsibility to determine the authenticity or accuracy thereof), nor for any other action or inaction, except his own willful misconduct, bad faith or gross negligence. In no event shall the Escrow Agent be liable for indirect or consequential damages. The Escrow Agent will not be responsible for the validity or sufficiency of the terms of this Agreement. In all questions arising under this Agreement, the Escrow Agent may rely on the advice of counsel (which may be in-house counsel), and for anything properly done, omitted or suffered in good faith by the Escrow Agent in reliance on such advice, the Escrow Agent will not be liable to anyone. The Escrow Agent will not be required to take any action

under this Agreement involving any expense or liability unless the payment of such expense or liability is made or provided for in a manner satisfactory to the Escrow Agent. In no event shall the Escrow Agent have any liability under this Agreement for investment losses incurred on any investment or reinvestment of the Escrow Fund made in accordance with the terms of Section 5 of this Agreement.

**4. Expenses and Tax Reporting.**

(a) **Escrow Agent.** All fees and expenses, including fees for retained services for escrow administration and reasonable attorney's fees of the Escrow Agent, reasonably incurred in entering into this Agreement and in the ordinary course of performing his responsibilities hereunder will be paid by the Joint Owners (and not through withdrawal from the Escrow Fund) in proportion to their Seabrook Station ownership by the Joint Owners upon receipt of a written invoice by the Escrow Agent, issued to FPLE Seabrook as managing agent for Seabrook Station, for the total amount due. The Escrow Agent may retain any and all professionals that, within his sole discretion, are necessary to fulfill his obligations under the terms of this Agreement. Any extraordinary fees and expenses including attorney's fees, including without limitation any fees or expenses paid by the Escrow Agent in connection with a dispute with a Joint Owner over the distribution of all or any portion of the Escrow Fund or the validity of a claim against the Escrow Fund, or the interpretation of this Agreement, will be paid by the non-prevailing party in such dispute.

In the event the Escrow Agent incurs any liability to any person, firm or corporation by reason of his acceptance or proper and timely administration of this Escrow Agreement, each Joint Owner in proportion to its ownership share in Seabrook Station agrees, to the extent allowed by law, to indemnify the Escrow Agent, his agents, directors and employees, against any such liability or for his fees and expenses or costs and expenses, including, without limitation, counsel fees and expenses, as the case may be. Notwithstanding the foregoing, no indemnity need be paid in the event of the Escrow Agent's gross negligence, bad faith or willful misconduct.

Each Joint Owner agrees to assume any and all obligations imposed now or hereafter by any applicable tax law with respect to the payment out of the Escrow Fund under this Agreement, and to the extent allowed by law, to indemnify and hold the Escrow Agent harmless from and against any taxes, additions of late payment, interest, penalties and other expenses, that may be assessed against the Escrow Agent on any such payment or other activities under this Agreement. Each Joint Owner shall undertake to instruct the Escrow Agent in writing with respect to the Escrow Agent's responsibility for withholding and other taxes, assessments or other governmental charges, certifications and governmental reporting in connection with his acting as Escrow Agent under this Agreement. To the extent allowed by law, each Joint Owner agrees to indemnify and hold the Escrow Agent harmless from any liability, including costs and expenses (including reasonable legal fees), interest and penalties, on account of taxes, assessments or other governmental charges, including without limitation the withholding or deduction or the failure to withhold or deduct same, and any liability for failure to obtain proper

certifications, or to properly report to governmental authorities, to which the Escrow Agent may be or become subject in connection with or which arises out of this Agreement. Indemnifications in favor of the Escrow Agent hereunder shall survive the resignation or removal of the Escrow Agent and the termination of this Agreement and shall be several, and not joint, among the Joint Owners.

(b) **Tax Reporting.** The parties hereto agree that this Agreement constitutes a “grantor trust” with respect to each of the Joint Owners and accordingly, for tax reporting purposes, all interest or other income earned from the investment of the Escrow Fund shall be allocable to each Joint Owner with respect to funds that it has deposited into the Escrow Fund.

**5. Investment of Funds.** The Escrow Agent shall continually invest and reinvest the Escrow Fund and any income or interest therefrom in Qualified Investments (as defined below) in accordance with the following investment guidelines. When determining into which Qualified Investments each Joint Owner’s contributions shall be deposited and maintained, the Escrow Agent shall consider, but not be bound by, the investment recommendations of the Joint Owners. “Qualified Investments”, as used herein, means:

(a) Marketable obligations of the United States in registered form and having a maturity of not more than the earlier of two years from the date of acquisition or December 31, 2007;

(b) Marketable obligations directly and fully guaranteed by the United States in registered form and having a maturity of not more than the earlier of two years from the date of acquisition or December 31, 2007; and

(c) Money market funds that have similar investment criteria as those applicable to the Trust.

Upon request, the Escrow Agent will provide confirmation to a Joint Owner or the NDFC of the deposit of money in the Escrow. Each year the Escrow Agent will provide the Joint Owners and the NDFC with a report on the Escrow, including the investment of Escrow Fund monies, fund balance, and all withdrawals from the Escrow Fund.

**6. Certification of Tax Identification Number.** Each Joint Owner agrees to provide the Escrow Agent with a certified tax identification number by signing and returning a Form W-9 (or Form W-8, in the case of non-U.S. persons) to the Escrow Agent prior to the date on which any income is earned on the investment of the Escrow Fund. The parties hereto understand that in the event their tax identification numbers are not certified to the Escrow Agent, the Internal Revenue Code, as amended from time to time, may require withholding of a portion of any interest or other income earned on the investment of the Escrow Fund. Each year the Escrow Agent will provide each Joint Owner with an IRS Form 1099 on a timely basis.

**7. Successor Escrow Agent.** In the event the Escrow Agent becomes unavailable or unwilling to continue in his capacity as such, the Escrow Agent may resign and be discharged from his duties or obligations hereunder by giving written notice of resignation to the parties to this Agreement, specifying not less than thirty (30) days prior written notice of such a date when such resignation will take effect. The NDFC may designate a successor Escrow Agent other than the New Hampshire State Treasurer prior to the expiration of such thirty (30) day period by giving written notice to the Escrow Agent and the Joint Owners. If the NDFC fails to designate a successor Escrow Agent prior to the expiration of such thirty (30) day period, FPLE Seabrook, as managing agent for Seabrook Station, may appoint a successor Escrow Agent without the consent of the NDFC so long as such successor is a bank or trust company with assets of at least One Billion Dollars (\$1,000,000,000). The Escrow Agent will promptly transfer the Escrow Fund to such designated successor. In the event no successor Escrow Agent is appointed as described in this Section 7, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The Escrow Agent shall not be relieved of the Escrow Agent's duties and responsibilities under this Escrow Agreement until a successor Escrow Agent is appointed in accordance with this paragraph.

**8. Limitation of Responsibility; Notices.** The Escrow Agent's duties are limited to those set forth in this Agreement, and no additional duties or obligations shall be implied. The Escrow Agent may rely upon the written notices delivered to the Escrow Agent under this Agreement.

**9. Notices.** Any notice provided for or permitted under this Agreement will be treated as having been received (a) when delivered personally, (b) when sent by confirmed telecopy or (c) one (1) day following when sent by commercial overnight courier with written verification of receipt, to the party to be notified, at the address set forth below, or at such other place of which the other party has been notified in accordance with the provisions of this Section 9 (except that the Escrow Agent shall not be bound by or required to act upon any notice unless and until actually received by it).

<p>(a) If to FPLE Seabrook, at:  FPL Energy Seabrook, LLC  c/o FPL Energy, LLC  700 Universe Boulevard  Juno Beach, FL 22408  Attention: Vice President and General Counsel</p> <p>(b) If to the Escrow Agent, at:  Michael A. Ablowich  State Treasurer  State of New Hampshire  State House Annex - Room 121  Concord, NH 03301</p> <p>With copies to:  TBD  Assistant Attorney General  Office of the Attorney General  Capitol Street  Concord, NH 03301</p>	<p>(c) If to the NDFC, at:  Thomas Getz, Chairman  8 Old Suncook Road  Concord, NH 03301</p> <p>With copies to:  Harold T. Judd  244 North Main Street  Concord, NH 03301-5041</p> <p>d) If to MMWEC, at:  Ronald C. DeCurzio, Director -Financial Services &amp; Treasurer  MMWEC  PO Box 426, Moody Street  Ludlow, MA 01056</p> <p>(e) If to Taunton, at:  Joseph M Blain, Manager  Taunton Municipal Lighting Plant  55 Weir St  PO box 870  Taunton MA 02780</p> <p>(f) If to Hudson, at:  Anthony J Monteiro, Manager  Hudson light &amp; Power Dept  40 Forest Ave  Hudson MA 01749</p>
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Such notice will be treated as having been received upon actual receipt if actual receipt occurs earlier than as provided in clauses (a) through (c) hereof.

**10. Cooperation.** The Joint Owners and the NDFC shall provide to the Escrow Agent all instruments and documents within their respective powers to provide that are necessary for the Escrow Agent to perform his duties and responsibilities hereunder.

**11. Termination.** The Escrow Agent is not authorized to release Escrow Fund amounts other than as set forth in Sections 2(a)&(b) above and 11(b) below.

(a) This Agreement shall terminate (i) upon the issuance of an order by the NDFC holding that no further deposits shall be made into this Escrow Fund and ordering distribution, pursuant to Section 2 hereof, of all of the sums held in the Escrow Fund, or (ii) upon the mutual written agreement of the Joint Owners and the NDFC.

(b) In the event that any person or entity acting under color of law, other than the NDFC, directs the Escrow Agent to divert, transfer or release any amounts in the Escrow Fund to accounts or persons other than to (1) Joint Owner Decommissioning Trust accounts, or (2) any Joint Owner, as directed in Sections 2(a)&(b) above, and in the absence of the fiduciary duties created by this Escrow Agreement, the Escrow Agent would be compelled to so divert, transfer or release, then this Agreement, and the Escrow Agent's authority hereunder, shall automatically terminate and the amounts in the Escrow Fund shall be directly transferred to the Trust and deposited into the respective accounts of each Joint Owner.

(c) In the event the Escrow is terminated pursuant to Section 11 (b), within thirty (30) days the NDFC will conduct a public meeting to consider revision of the funding assurance requirements of the Joint Owners. Further, at the earliest possible

date, the NDFC will conduct a public hearing in compliance with RSA 162-F to consider revision of the schedule of payments obligations of the Joint Owners.

**12. General.**

(a) **Governing Law.** It is the intention of the parties hereto that the internal laws of the State of New Hampshire (irrespective of its choice of law principles) shall govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties to this Agreement.

(b) **Binding Upon Successors and Assigns.** Subject to, and unless otherwise provided in, this Agreement, each and all of the covenants, terms, provisions, and agreements contained in this Agreement shall be binding upon, and inure to the benefit of, the permitted successors and representatives of the parties to this Agreement.

(c) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears on such counterpart and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected in this Agreement as signatories.

(d) **Entire Agreement.** This Agreement, the documents referenced in this Agreement and the exhibits to such documents, constitute the entire understanding and agreement of the parties to this Agreement with respect to the subject matter of this Agreement and of such documents and exhibits and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect to this Agreement.

(e) **Waivers.** No waiver by any party to this Agreement of any condition or of any breach of any provision of this Agreement will be effective unless in writing. No waiver by any party of any such condition or breach, in any one instance, will be deemed to be a further or continuing waiver of any such condition or breach or a waiver of any other condition or breach of any other provision contained in this Agreement.

(f) **Amendment.** This Agreement may be amended with the written consent of the Joint Owners, the Escrow Agent and the NDFC, provided that if the Escrow Agent does not agree to an amendment agreed upon by the Joint Owners and the NDFC (except an amendment which may adversely affect the rights or interests of the Escrow Agent), the NDFC will appoint a successor Escrow Agent in accordance with Section 7 of this Agreement.

(g) **Business Days.** As used herein, any reference herein to a “business day” shall mean any day other than a Saturday, Sunday or other day on which banks in Concord, New Hampshire are authorized or required to be closed.

(h) **Capitalized Terms.** To the extent not defined herein, capitalized terms shall have the same meaning ascribed to them in the Order.

**IN WITNESS WHEREOF**, the parties have duly executed this Agreement as of the day and year first above written, and this Agreement shall be effective when executed by FPLE Seabrook, the Escrow Agent and the NDFC. The signatories to this Agreement acknowledge that amounts to be deposited into, and maintained in, the Escrow Fund are a funding assurance, the sufficiency and future disposition of which are within the purview of the NDFC. *See* RSA 162-F:14,VI; RSA162-F:21-c; RSA 162-F:22,III; *see also* Order at 34, 40-44. By executing this Agreement, each signatory affirms and represents that the signatory has the requisite power and authority to execute this Agreement. Each signatory further affirms and represents that they, or the principals upon whose behalf they have signed, have the authority to, and will, perform under and be bound by, the terms of this Agreement.

**SEABROOK NUCLEAR STATION:**

**By: FPL ENERGY SEABROOK, LLC, SEABROOK MANAGING AGENT**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**FPL ENERGY SEABROOK, LLC:**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**TAUNTON MUNICIPAL LIGHTING PLANT**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**HUDSON LIGHT AND POWER DEPARTMENT**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**NUCLEAR DECOMMISSIONING FINANCING COMMITTEE:**

By: \_\_\_\_\_  
Name: Thomas Getz  
Title: Chairman

Dated: \_\_\_\_\_

**ESCROW AGENT:**

By: \_\_\_\_\_  
Name: Michael Ablowich  
Title: New Hampshire Treasurer

Dated: \_\_\_\_\_

**APPROVED AS TO FORM, SUBSTANCE AND EXECUTION:**

\_\_\_\_\_  
Suzanne Gorman  
Assistant Attorney General  
State of New Hampshire

Dated: \_\_\_\_\_

**EXHIBIT A**

RELEASE CERTIFICATE

TO

[NEW HAMPSHIRE STATE TREASURER]

AS ESCROW AGENT

The undersigned, pursuant to Section 2 of the Escrow Agreement dated as of \_\_\_\_\_, 2004 among FPL Energy Seabrook, LLC, Massachusetts Municipal Wholesale Electric Company, Taunton Municipal Lighting Plant and Hudson Light and Power Department, the NDFC and you (the “Escrow Agreement”) (terms defined in the Escrow Agreement have the same meanings when used herein), hereby instructs you to pay to FPL Energy Seabrook, as managing agent for the Joint Owners, from the Escrow Fund \$ \_\_\_\_\_, by wire transfer of immediately available funds to the account of FPLE Seabrook for distribution among the Joint Owners as follows:

FPL Energy Seabrook , LLC	Account No. _____,
Massachusetts Municipal Wholesale Electric Company	Account No. _____,
Taunton Municipal Lighting Plant	Account No. _____,
Hudson Light and Power Department	Account No. _____

The wire transfer is to be made within five business days of your receipt of this Certificate.

NUCLEAR DECOMMISSIONING FINANCING COMMITTEE

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_