

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 08-164

**PETITION OF FLORIDA POWER & LIGHT COMPANY FOR
APPROVAL OF FINANCING FOR SEABROOK TRANSMISSION UPGRADE**

Motion to Amend Financing Order to Increase Amount of Loans

Pursuant to RSA 365:28, Florida Power & Light Company (“FPL”) hereby respectfully requests that the New Hampshire Public Utilities Commission (the “Commission”) amend Order No. 24,935 issued on January 30, 2009 in the above-captioned docket with respect to the amount of loans FPL was approved to obtain from FPL Group Capital, Inc. to support planned reliability upgrades to the Seabrook transmission substation. In support of this Motion, FPL states as follows:

1. FPL, through Florida Power & Light – New England Division (“FPL-NED”), is a public utility in New Hampshire for the purpose of owning and operating the transmission substation on the grounds of the Seabrook nuclear power plant, subject to the conditions set forth in the Settlement Agreement approved in Order No. 24,321 in DE 03-186, 89 NH PUC 267 (2004). FPL is an 88.23% owner of the transmission substation; the balance of the Seabrook Substation is owned by Massachusetts Municipal Wholesale Electric Company, Taunton Municipal Lighting Plant, and Hudson Light & Power Department.

2. On December 22, 2009 FPL filed a Petition for Approval of Financing for Seabrook Transmission Substation Upgrade (the “Petition”). As FPL noted in the Petition, the terms of the

Settlement Agreement approved by the Commission in Order No. 24,321 required that it obtain approval for financing pursuant to RSA 369. In the Petition FPL represented that FPL Group Capital, Inc. (“FPL Group Capital”) had “agreed to make loans to FPL in an aggregate principal amount at any one time outstanding not to exceed a Maximum Line of Credit of \$36,000,000.” At that time FPL anticipated that this amount would be sufficient to pay for the reliability upgrades to the transmission substation. In the Order approving the Petition, Order No. 24,935 issued on January 30, 2009 (hereinafter the “Order”), the Commission referred to the specific amount of the loan FPL had represented in the Petition. Order, page 2.

3. FPL has since determined that the cost to complete the reliability upgrades at the transmission substation are likely to be as high as \$63.0 million.

4. RSA 365:28 provides that the Commission may “alter, amend, suspend, annul, set aside, or otherwise modify any order made by it” and that it need not have a hearing when the prior order “was made under a provision of law that did not require a hearing and a hearing was, in fact, not held.” In this case, the financing was approved through an order *nisi* and no hearing was held.

5. FPL has included with this Motion the prefiled testimony of William C. Locke, Jr., the Manager of Transmission Services for FPL, who also prefiled testimony along with the December 22, 2008 Petition, which has been marked as Exhibit A. As Mr. Locke notes in his testimony, the amount of money necessary to pay for the reliability upgrades to the substation have increased, thereby necessitating the modification to the January 30, 2009 Order. FPL has also included the requisite

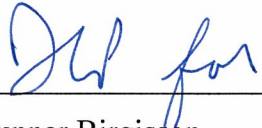
approval of the Board of Directors for the loan of the increased amount, which has been marked as Exhibit B.

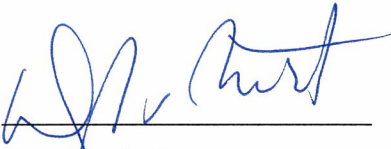
6. FPL submits that the reliability upgrade is necessary for the reliability of the transmission system and the connection between Seabrook Station, the largest single generating resource in New England, and the transmission grid. Because this increase in financing is necessary to accomplish the reliability upgrade, FPL believes that it is for the public good and therefore urges the Commission to approve the modification to Order No. 24,935 to allow for the increase in the amount of the financing as expeditiously as possible.

WHEREFORE, FPL respectfully requests that the Commission issue an order amending Order No. 24,935 and allow FPL Group Capital to loan and FPL to accept up to \$63.0 million for the purpose of accomplishing the reliability upgrades to the transmission substation at Seabrook. FPL also respectfully requests that the Commission issue this order as soon as reasonably possible.

Respectfully submitted,
FLORIDA POWER & LIGHT COMPANY

By Its Attorneys



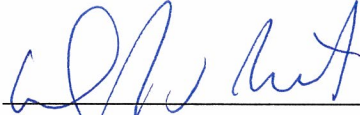
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Dated: March 18, 2010

Certificate of Service

A copy of this Motion and Application has been served by email on the service list in DE 08-164 this 18th day of March, 2010.



Douglas L. Patch

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1 **THE STATE OF NEW HAMPSHIRE**
2 **BEFORE THE**
3 **NEW HAMPSHIRE**
4 **PUBLIC UTILITIES COMMISSION**

5
6 **DE 08-164**

7
8 **PETITION OF FLORIDA POWER & LIGHT COMPANY FOR**
9 **APPROVAL OF FINANCING FOR SEABROOK TRANSMISSION UPGRADE**

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11
12 **SUPPLEMENTAL TESTIMONY OF WILLIAM C. LOCKE, JR.**
13 **ON BEHALF OF**
14 **FLORIDA POWER & LIGHT COMPANY**

15 **March 18, 2010**

16
17 **Background and Qualifications of William C. Locke, Jr.**

18
19 **Q. Please state your name and business address.**

20 A. My name is William C. Locke, Jr. My business address is 4200 West
21 Flagler Street, Miami, FL, 33134.

22 **Q. Who is your current employer and what positions do you hold?**

23 A. I am employed by Florida Power & Light Company ("FPL"). In my
24 current position I am Manager of Transmission Services and I assist FPL in regulatory
25 matters related to the Seabrook Transmission Substation ("Substation").

26 **Q. What is your background and what are your qualifications?**

27 A. I have a Bachelor of Electrical Engineering degree from Clemson
28 University and a Master of Business Administration degree from Florida International
29 University. I have over 25 years experience in preparing and negotiating contracts for
30 bulk power purchases and sales, purchases of generating units, transmission services, and
31 interconnection agreements. I also have participated extensively in proceedings before

1 the Federal Energy Regulatory Commission (“FERC”) concerning wholesale rate cases
2 and in FPL’s efforts to implement a regional transmission organization in Florida. I
3 provided testimony to the New Hampshire Public Utilities Commission (“Commission”)
4 in connection with Docket DE 03-186, the docket which resulted in FPL being approved
5 as a public utility in New Hampshire as described below. I was also involved in the
6 discussions that led to the Settlement Agreement that was approved in that docket and am
7 therefore familiar with that Settlement Agreement. I submitted prefiled testimony earlier
8 in this docket, DE 08-164, dated December 22, 2008. That prefiled testimony was
9 submitted along with the Petition for Approval of Financing for Seabrook Transmission
10 Substation Upgrade.

11 **Purpose of Testimony**

12 **Q. What is the purpose of your supplemental testimony?**

13 A. The purpose of my testimony is to explain why the amount of the
14 financing for the Substation reliability upgrade needs to be increased from the amount
15 approved by the Commission in Order No. 24,935 issued in this docket on January 30,
16 2009, and why this will be for the public good.

17 **Background on FPL and the Need for Financing Approval**

18 **Q. Why did FPL file the petition for approval of financing?**

19 A. As I noted in my earlier prefiled testimony, FPL is a public utility in New
20 Hampshire for the purpose of operating the Substation on the grounds of the Seabrook
21 nuclear power plant, subject to the conditions set forth in the Settlement Agreement
22 approved in Order No. 24,321 in DE 03-186, 89 NH PUC 267 (2004). FPL is an 88.23%
23 owner of the Substation; the balance of the Substation is owned by Massachusetts

1 Municipal Wholesale Electric Company, Taunton Municipal Lighting Plant, and Hudson
2 Light & Power Department. For further background please see my December 22, 2008
3 prefiled testimony in this docket.

4 **Background on Transmission Substation**

5 **Q. Please briefly describe the Substation and why the reliability upgrade**
6 **is necessary.**

7 A. FPL-NED's 345kV Seabrook Transmission Substation in Seabrook, New
8 Hampshire interconnects the 1,318 MW Seabrook Nuclear Generating Station
9 ("Seabrook Generator"), the largest single generating resource in New England, with the
10 New England electric grid. The Substation is also a Pool Transmission Facility under the
11 Tariff of the ISO-New England, a part of the New England Bulk Power System, and one
12 of the more critical substations in New England. FPL has begun a two phase reliability
13 upgrade to the 28-year old Substation to ensure its continuing reliability for the New
14 England grid. This upgrade includes replacing and upgrading aging equipment to reduce
15 the risk of unplanned outages and other malfunctions. These reliability improvements
16 help improve the performance of a substation that is an integral and critical part of the
17 New England power grid and also serves to interconnect to the electric grid the largest
18 base load electric generating plant in New England. Also, the reliability upgrade
19 addresses certain design issues in the Substation, including the direct connection of the
20 Reserve Auxiliary Transformers ("RATs") to Bus No. 2, which poses reliability concerns
21 and operational limitations. The RATs are relocated to connect to a dedicated terminal
22 position and the Generator Step-up ("GSU") Transformer connections are relocated from
23 the position where they share a breaker and a half bay with the Seabrook - Scobie 363

1 Line, to a dedicated double breaker bay. Also in this reliability upgrade, five new Gas
2 Insulated Substation (“GIS”) breakers are being installed: two are replacements for
3 existing breakers, and three are new breakers. These enhancements to the Substation
4 improve the reliability of the interconnections with the 345 kV lines, reduce the risk of
5 unexpected outages of the Seabrook Generator, and provide greater ability to perform
6 maintenance or future upgrades as needed without a generator outage. For further detail
7 please see my earlier prefiled testimony in this docket.

8 **Q. What is the necessary timing for the reliability upgrade?**

9 A. As I noted in my earlier testimony, the timing of the reliability upgrade
10 project work was driven by the refueling outage that was scheduled for the Seabrook
11 Generator in October 2009. FPL performed the preparation and pre-outage work in a
12 manner that ensured that work could be efficiently performed during the outage. Under
13 the schedule for the reliability upgrade project that FPL has developed, certain steps had
14 to be commenced by given dates for the project to stay on schedule. Work commenced
15 in March of 2009 and structural/electrical installation, including the placement of 5
16 breakers on the structure, began in June 2009. During the October 2009 scheduled
17 outage, the cutover from the old configuration and equipment to the new configuration
18 and equipment began with the reconfiguration of the RATs connection. The second
19 phase of the project will then be performed consistent with the next Seabrook Generator
20 refueling outage scheduled for April 2011; during that outage the remaining two new
21 breakers will be put in service and reconfiguration of the GSU will be completed.

22

23

1 **Financing**

2 **Q. What steps has FPL taken to secure the necessary financing for the**
3 **improvements to the Substation?**

4 A. As discussed in the testimony of FPL witness Kathy Beilhart and in my
5 testimony, both filed earlier in this docket, FPL Group Capital Inc., a subsidiary of FPL
6 Group, agreed to make loans to FPL in an aggregate principal amount at any one time
7 outstanding not to exceed a Maximum Line of Credit of \$36,000,000, payable on
8 demand, to be used to acquire goods, equipment, fixtures, and other property for use in
9 connection with the reliability upgrade project at the Substation. However, it later
10 became apparent that the amount of this financing must be increased to meet increased
11 costs.

12 **Q. Please explain why the costs of the reliability upgrade project have**
13 **increased.**

14 A. The costs of the reliability upgrade project have increased from the
15 estimates that were available in December of 2008 when we filed for the approval for the
16 financing. See the chart included as Attachment A to this testimony. The original \$36M
17 estimate was an initial budget grade estimate, which at the time was based on limited
18 information as the contract for construction with the contractor had not been finalized.
19 The full impact of the design requirements in the compact footprint of the Substation,
20 along with the required accelerated schedule for engineering, construction and cutover
21 activities during the Seabrook Generator outages were not, in hindsight, fully
22 contemplated or understood, nor were they completely factored into the engineering,
23 construction, and cutover estimates. In addition, the FERC Standards of Conduct, prior

1 to November 2008, prohibited the sharing of information between the FPL project
2 engineering team and members of the Seabrook Generator Team. As a result, FPL was
3 unable to completely factor into its original estimate: i) the additional costs associated
4 with Nuclear Regulatory Commission oversight for this complex construction Project and
5 working in the protected area of Seabrook Generator; and ii) the full costs of coordination
6 and implementation of FPL's activities during a Seabrook Generator refueling outage.
7 The construction of the platform structure which houses the 5 Breakers required
8 significantly more steel than originally anticipated by the contractor in order to meet the
9 requirement that the structure must survive the loss of any one support (i.e., meet single
10 contingency criteria). Moreover, the placement of the steel supports between other
11 energized equipment required a substantial increase in time and labor to construct. The
12 additional \$23M for Mitsubishi Electric Power Production, Inc. (\$6.9M plus \$16.1M –
13 see Attachment A) was due primarily to a) additional structure costs; b) technical changes
14 to final design; c) additional subcontractor supervisory requirements; d) additional second
15 shift engineer; e) expanded work hours to meet deadlines; and f) additional construction
16 support. The increase of \$4.2M in FPL and Seabrook Support costs result from
17 additional personnel, technical, and site support for the Project. The \$200,000 savings for
18 the security enclosure was due to a revision to the scope for the enclosure.

19 **Q. How does FPL plan to use the net proceeds of the maximum line of**
20 **credit?**

21 A. As we indicated in the Petition and the previously filed testimony, the
22 Line of Credit Agreement requires FPL to use the loan proceeds for the sole purpose of
23 financing the acquisition of goods, equipment, fixtures or other property necessary to

1 accomplish the reliability upgrade to the Substation described above. Although the total
2 amount has changed, the way in which the loan proceeds are being and will be used has
3 not changed. We have included along with the Motion and this prefiled testimony the
4 necessary approvals from the Board of Directors for the increase in the amount of the
5 financing.

6 **Conclusion**

7 **Q. Does FPL believe that the increase in the financing of this reliability**
8 **upgrade for the Substation is for the public good?**

9 A. Yes, as noted previously and above the reliability upgrade is necessary for
10 the reliability of the transmission system and the connection between the Seabrook
11 Generator, the largest single generating resource in New England, and the transmission
12 grid. Because this financing is necessary to accomplish the reliability upgrade, FPL
13 believes that it is for the public good and therefore urges the Commission to approve the
14 modification to Order No. 24,935 to allow for the increase in the amount of the financing
15 as expeditiously as possible.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

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Attachment A
Increase in Financing \$36M to \$63M

Seabrook Reliability Upgrade – 5 Breaker Project

	<u>EST.</u> <u>CONSTRUCTION</u> <u>DATE</u>		Original	Revised	
DESCRIPTION OF WORK	Start	Finish	ESTIMATED COST \$M	ESTIMATED COST \$M	Difference in Costs
MEPPI ¹ – Engineering, Procurement & Construction	08/08	07/11	\$26.4	\$33.3	\$6.9
MEPPI – Time and Equipment	08/08	07/11	\$2.3	\$18.4	\$16.1
FPL/Seabrook Support / labor / engineering	08/08	07/11	\$6.5	\$10.7	\$4.2
Security (Blast Bullet Resistive Enclosure)	01/09	12/10	\$0.8	\$0.6	\$(0.2)
TOTAL			\$36.0	\$63.0	

Notes:

- i) MEPPI means: Mitsubishi Electric Power Production Inc.
- ii) Reflects total 5 Breaker Project Costs; other co-owners are responsible for approximately 12% of Project Costs.

FLORIDA POWER & LIGHT COMPANY

**UNANIMOUS CONSENT OF DIRECTORS
IN LIEU OF MEETING**

The undersigned, being all of the directors of Florida Power & Light Company, a Florida corporation, hereby consent to and adopt the following resolutions, effective on and as of the date set forth below:

WHEREAS, Florida Power & Light Company, a Florida corporation (the "Company") entered into a Line of Credit Agreement dated December 15, 2008 (the "Line of Credit Agreement") with FPL Group Capital Inc ("Group Capital"), pursuant to which the Company may borrow from Group Capital from time to time (each such borrowing a "Seabrook Loan" and collectively, the "Seabrook Loans") in an aggregate principal amount of up to \$36 million, in order to finance the acquisition by the Company of certain substation related assets constituting equipment or other personal property in the State of New Hampshire (the "Seabrook Substation Assets") associated with its existing Seabrook Station nuclear power plant; and

WHEREAS, the Company and Group Capital entered into a Security Agreement dated December 15, 2008 (the "Security Agreement") in order to establish a security interest in the Seabrook Substation Assets in favor of Group Capital in order to secure the Seabrook Loans; and

WHEREAS, the Company entered into a Mortgage Deed dated May 14, 2009 (the "Mortgage Deed") in order to grant a lien on the Seabrook Substation Assets in favor of Group Capital; and

WHEREAS, the estimated cost of the acquisition of the Seabrook Substation Assets has increased from \$36 million to \$63 million; and

WHEREAS, Board deems it in the best interest of the Company to amend (1) the Line of Credit Agreement, (2) the Security Agreement, and (3) the Mortgage Deed, in each case to increase the maximum principal amount that may be borrowed by the Company to \$63 million.

NOW THEREFORE, be it

RESOLVED, that, Amendment No. 1 to the Line of Credit Agreement and Security Agreement ("Amendment No. 1 to Line of Credit Agreement and Security Agreement"), in substantially the form attached hereto as Exhibit A, be, and Amendment No. 1 to Line of Credit Agreement and Security Agreement hereby is, approved; and

FURTHER RESOLVED, that each of the Chairman, the President and Chief Executive Officer, the Executive Vice President, Finance and Chief Financial Officer, any Vice President, the Treasurer or any Assistant Treasurer (the "Authorized Officers") of the Company be, and each such Authorized Officer, acting singly, hereby is, authorized, empowered and directed to execute and deliver Amendment No. 1 to Line of Credit Agreement and Security Agreement, in the form attached hereto as Exhibit A, with such changes as such Authorized Officer may approve may approve, such approval to be evidenced conclusively by the execution and delivery of Amendment No. 1 to Line of Credit Agreement and Security Agreement; provided that in no event shall the maximum principal amount that may be borrowed by the Company from Group Capital exceed \$63 million; and

FURTHER RESOLVED, that, the amend and restated NH Mortgage Deed (the "Amended and Restated Mortgage Deed"), in the form attached hereto as Exhibit B, be, and the Amended and Restated Mortgage Deed hereby is, approved; and

FURTHER RESOLVED, that each of the Authorized Officers of the Company be, and each such Authorized Officer, acting singly, hereby is, authorized, empowered and directed to execute and deliver the Amended and Restated Mortgage Deed, in the form attached hereto as Exhibit B, with such changes as such Authorized Officer may approve, such approval to be evidenced conclusively by the execution and delivery of the Amended and Restated Mortgage Deed; and

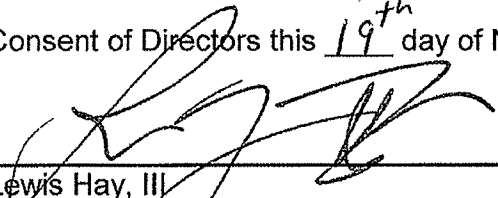
FURTHER RESOLVED, that each of the Authorized Officers of the Company, be, and each such officer, acting singly, hereby is, authorized, directed and empowered to take, or cause to be taken, for and in the name and on behalf of the Company, all such further action, and to execute and deliver, or cause to be executed and delivered, for and in the name and on behalf of the Company, all such instruments and documents, including any such security agreements, mortgages or other security documents, as such officer may deem appropriate in order to effect the purposes and intent of the foregoing resolutions (as conclusively evidenced by the taking of such action or the execution and delivery of such instruments, as the case may be, by or under the direction of such officer or officers); and

FURTHER RESOLVED, that all actions heretofore taken by the officers and agents of the Company in connection with the subject matter of the foregoing resolutions be, and all such actions hereby are, approved, ratified and confirmed in all respects as the act and deed of the Company.


This Unanimous Consent of Directors may be executed in one or more counterparts, a complete set of which will constitute one original.

[SIGNATURES ON FOLLOWING PAGE]


IN WITNESS WHEREOF, the undersigned have executed this Unanimous
Consent of Directors this 19th day of November, 2009.



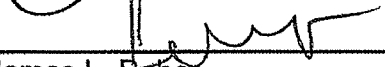
Lewis Hay, III




Armando J. Olivera




Armando Pimentel, Jr.



James L. Robo



Antonio Rodriguez



John A. Stall



Edward F. Tancer

EXHIBIT A

**Amendment No. 1
to Line of Credit Agreement and Security Agreement**

EXHIBIT A
TO
AMENDMENT NO. 1

DESCRIPTION OF CERTAIN COLLATERAL:

(GIS) Gas Insulated Substation Equipment

Qty (5) Three Phase Circuit Breakers
Qty (12) Three Phase Disconnect Switches
Qty (1) Three Phase Fast Acting Disconnect Switches
Qty (12) Three Phase Ground Switch
Qty (2) Three Phase Fast Acting Ground Switches
Qty (9) Voltage Transformers with Ground Switches (3 per Phase on 3 Phase System)
Qty (5) Local Control Cabinets (LCCs)
Qty (1100') Interconnecting bus

Relay Room Equipment

Qty (6) Relay Cabinets
Qty (1) Relay Room Annunciator
1 Lot - Cabling between GIS equipment, LCCs, Relay Room equipment

Engineering

Engineering Drawings and detailed commissioning plans for Structural, Electrical, Ancillary and Security equipment relating to the foregoing.

Structures and Fixtures

One approximately 44'W x 83'L x 70'H Structure on or in which the GIS equipment listed above is to be installed, which structure is to be constructed and located on land in Seabrook, Rockingham County, New Hampshire, more particularly described as follows:

Land known as the "First and Second Unit Site," as shown on a plan entitled "Subdivision Plan of Land, Properties, Inc. & Public Service Co. of N.H., Seabrook, N.H.," recorded as Plan 8560 of the Registry of Deeds for Rockingham County, New Hampshire ("Registry");
Land known as "Lot 1" as shown on the plan entitled "Property Survey Seabrook Nuclear Power Station, Seabrook, Hampton Falls & Hampton, New Hampshire" recorded as Plan D-30241 of the Registry; and
Land known as "Lot 2" as shown on the plan entitled "Subdivision Plan of Land, Properties, Inc. & Public Service Co. of N.H., Seabrook, N.H.," recorded as Plan D8560 of the Registry.

Other Equipment and Software

Switches, lights, wire and other equipment and software acquired to modify the Plant Control Room and the Plant Simulator for new substation topology
Bullet resistant enclosure and other equipment and software acquired to make various modifications for security

EXHIBIT B

Amended and Restated Mortgage Deed

Return to:

AMENDED AND RESTATED MORTGAGE DEED

This Amended and Restated Mortgage Deed ("**Mortgage**") is made this ____ day of November, 2009, by Florida Power & Light Company, a Florida corporation, with an address of 700 Universe Boulevard, Juno Beach, Florida 33408 ("**Mortgagor**") to FPL Group Capital Inc, a Florida corporation ("**Lender**"), with a business address of 700 Universe Boulevard, Juno Beach, Florida 33408.

Mortgagor and Lender previously entered into that certain Mortgage Deed, dated May 14, 2009 ("**Original Mortgage**"). The Mortgagor and Lender now desire to amend and restate the Original Mortgage in its entirety to increase the amount secured thereby, as follows:

RECITALS:

I. Whereas, Mortgagor and Lender have executed a Line of Credit Agreement, dated as of December 15, 2008 (as amended through the date hereof, the "**Credit Agreement**"), pursuant to which Lender has agreed to lend to Mortgagor up to the sum of Sixty-Three Million Dollars (\$63,000,000) (the "**Loans**") for the sole purpose of financing up to 100% of the purchase price or cost of acquisition of rights in or the use of the Collateral (as herein defined), some of which may constitute fixtures, structures or improvements located on the Land (as herein defined) located in Seabrook, Rockingham County, New Hampshire. The "**Land**" shall mean those certain tracts or parcels of land situated in Seabrook, Rockingham County, New Hampshire, and more particularly described in the Easement attached as Schedule A hereto and hereby made a part hereof. The "**Collateral**" shall mean the goods, equipment, fixtures, and other property acquired by Mortgagor after December 15, 2008 for use in connection with the Seabrook Substation located on the Land, together with related drawings, plans and software, including the property described on Schedule B hereto, but shall not include any property that was not acquired by Mortgagor, in whole or in part, with proceeds of the Loans.

II. In the Credit Agreement, Mortgagor agreed that the Loans shall be secured by a first priority purchase money security interest or lien in all of Mortgagor's right, title and interest in, to and under the Collateral. In accordance with the foregoing, Mortgagor and Lender have executed a Security Agreement, dated as of December 15, 2008 (as amended through the date hereof, the "**Security Agreement**"), pursuant to which Mortgagor granted to Lender a security interest in the Collateral to secure the Loans, interest on the Loans and any other amounts from time to time payable by Mortgagor under the Credit Agreement (the "**Obligations**"). A financing statement describing the Collateral and identifying Mortgagor as a transmitting utility was filed on December 15, 2008 in the office of the Secretary of State of Florida.

III. Mortgagor has determined that the execution, delivery and recording of this Mortgage is necessary or desirable to comply Mortgagor's obligations under the Credit Agreement with respect to that portion of the Collateral that constitutes fixtures, structures or improvements.

KNOW ALL MEN BY THESE PRESENTS:

That Mortgagor, for consideration paid, hereby irrevocably grants, mortgages, transfers and assigns to Lender, the following, which shall be referred to collectively as the "**Mortgaged Property**":

I. All fixtures, structures and improvements included in the Collateral that (A) are now situated upon the Land, or (B) may hereafter be located, installed or constructed on the Land; and

II. All judgments, awards of damages and settlements hereafter made as a result or in lieu of any taking of the Mortgaged Property or any interest therein or part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Property or any part thereof, including any proceeds thereof.

TO HAVE AND TO HOLD the Mortgaged Property unto Lender, and its successors, and assigns forever, together with all of the estate, right, title, interest and claim whatsoever which Mortgagor now has or may hereafter acquire in and to the Mortgaged Property.

The conveyance is made for the purpose of securing payment of the Obligations, including all future advances under the Credit Agreement.

COVENANTS AND WARRANTIES

Mortgagor covenants, warrants and agrees as follows:

1. Mortgagor is the owner of the Mortgaged Property and has the right to encumber it with the lien created by this instrument.

2. Unless otherwise expressly agreed by Lender, in writing, in the event of a partial or total taking of the Mortgaged Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, being paid to Mortgagor. Any application of proceeds to the sums secured hereby shall not extend or postpone the due date of any payment due under the Credit Agreement or change the amount of such payments.

3. Mortgagor shall pay all taxes and assessments and other governmental charges lawfully levied or assessed upon the Mortgaged Property, or upon any part thereof or upon the interest of the Lender in the Mortgaged Property, before the same shall become delinquent; provided, however, that nothing contained in this section shall require the Mortgagor to pay any such tax, assessment or governmental charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings; and provided that nothing contained in this section shall require the Company to pay, discharge or make provision for such tax, assessment or other governmental charge the validity of which shall not be so contested if adequate security for the payment of such tax, assessment or other governmental charge and for any damages which may reasonably be anticipated from failure to pay the same shall be given to the Lender or to the Corporate Trustee under Mortgagor's Mortgage and Deed of Trust dated as of January 1, 1944, as amended and supplemented.

DEFAULT PROVISIONS

Any one or more of the following events shall constitute a default of this Mortgage ("Default"):

1. Mortgagor's failure to pay any Obligation when due as provided in the Credit Agreement; or
2. Mortgagor's failure to perform any other obligation to Lender under this Mortgage or the Credit Agreement, if within thirty (30) days of written notice of the same from Lender, Mortgagor has not cured the same, or, in the alternative, where in the normal course such cure would require more than thirty (30) days, has not taken all steps necessary or possible to commence such cure and does not pursue such cure swiftly to its completion.

REMEDIES UPON DEFAULT

Upon a Default, Lender, at its option, may invoke the **STATUTORY POWER OF SALE** herein granted and any other remedies permitted by applicable law.

This Mortgage is upon condition that all covenants and agreements of the Mortgagor in the Credit Agreement shall be kept and fully performed, for any breach of which Lender shall have the **STATUTORY POWER OF SALE**.

At any foreclosure sale, whether pursuant to the power of sale contained in this instrument, or pursuant to the judgment of a court, all of the Mortgaged Property at the option of Lender may be sold as a whole and it shall not be necessary to have any of the personal property present at the place of sale. The recitals in the bill of sale to any purchaser at such sale shall be full and conclusive evidence of the truth of the matters stated therein, and all prerequisites to such sale shall be presumed to have been performed and such sale and bill of sale shall be conclusive against Mortgagor.

MISCELLANEOUS PROVISIONS

1. Upon payment in full of the Obligations secured hereby, this instrument shall become null and void and shall be released by Lender at Mortgagor's expense.
2. If any part of any provisions of this Mortgage shall be invalid or unenforceable under applicable law, said part shall be ineffective to the extent of such invalidity only, without in any way affecting the remaining parts of said provision or the remaining provisions of this Mortgage.
3. This Mortgage may not be waived, changed or discharged orally, but only by an agreement in writing signed by the party against whom any waiver, change or discharge is sought.
4. It is understood and agreed that the validity, construction and interpretation of this Mortgage will be in accordance with the laws of the State of New Hampshire.

5. Mortgagor acknowledges that the Mortgaged Property is NOT HOMESTEAD property. The Mortgagor hereby expressly releases and waives its homestead rights, if any, in the Mortgaged Property.

6. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or available at law or in equity, and may be exercised concurrently, independently, or successively.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Mortgagor has duly caused this Agreement to be executed, by its officer, thereunto duly authorized, as of the day and year indicated above.

MORTGAGOR:

FLORIDA POWER & LIGHT COMPANY

By: _____
[Kathy A. Beilhart]
[Assistant Treasurer]

STATE OF [NEW YORK]
COUNTY OF [NEW YORK]

The foregoing instrument was acknowledged before the undersigned on the ____ day of November, 2009, by [Kathy A. Beilhart as Assistant Treasurer] of Florida Power & Light Company, for the purposes contained herein.

NOTARY PUBLIC

IN WITNESS WHEREOF, Lender has duly caused this Agreement to be executed, by its officer, thereunto duly authorized, as of the day and year indicated above.

LENDER:

FPL GROUP CAPITAL INC

By: _____
[Kathy A. Beilhart
Assistant Treasurer]

STATE OF [NEW YORK]
COUNTY OF [NEW YORK]

The foregoing instrument was acknowledged before the undersigned on the ____ day of November, 2009, by [Kathy A. Beilhart as Assistant Treasurer] of FPL Group Capital Inc, for the purposes contained herein.

NOTARY PUBLIC

SCHEDULE A
PROPERTY DESCRIPTION

EASEMENT

FPL ENERGY SEABROOK, LLC, a Delaware limited liability company with an address of 700 Universe Boulevard, Juno Beach, Florida 33408, owner of an 88.22889% interest as tenant in common of land and other rights conveyed by deed from North Atlantic Energy Corporation et al. recorded at Book 3875, Page 2205 of the Rockingham County Registry of Deeds (hereinafter “the Registry”), and owner of land and other rights conveyed by deed of North Atlantic Energy Corporation by deed recorded at Book 3875, Page 2231 of the Registry, for consideration paid, grants an easement to **FLORIDA POWER & LIGHT COMPANY**, a Florida corporation, with an address of 700 Universe Boulevard, Juno Beach, Florida 33408, for any and all purposes related to the ownership, operation, and maintenance of the equipment, facilities, and structures of the 345 KV Seabrook Substation, including but not limited to maintaining, operating, modifying, re-installing, and removing equipment and other improvements for an interconnection facility, including but not limited to foundations, fences, buses, capacitors, couplings, circuit breakers, conduits, manholes, lightning arresters, cabinets, instruments, transformers, batteries, switches, communication equipment, grates, and other structures, machinery, and apparatus used or useful for the interconnection facility (hereinafter “the Substation Equipment”), the location of which is as follows:

On land in Seabrook, Rockingham County, New Hampshire, more particularly described as follows:

The area known as the "Switchyard Area" on the parcel known as "Lot 1" to which reference is made below, which area is rectangular and approximately 25 feet northwesterly of the Administration Building, approximately 130 feet in length parallel to the building, and approximately 80 feet wide.

The area known as the "345KV Terminal Yard" or the "High Yard," which area is situated approximately 720 feet northwesterly from the above-described Switchyard Area, is partly on the above-referenced "Lot 1," and partly on the parcel known as "Lot 2" to which reference is made below, the location of which is shown as enclosed by a chain link fence on a plan entitled "AUR Areas Former Landfills, Seabrook Nuclear Power Station, Seabrook, New Hampshire," recorded as Plan D-29834 of the Registry.

The area between the above-described Switchyard Area and 345KV Terminal Yard, which area is approximately 30 feet wide, within which above-ground and below-ground conduit, lines, and connections connect the facilities in the two areas.

Subject to the conditions stated herein, together with the right to install, maintain, replace, operate, and remove overhead and underground power, data, and communications lines within the above-described easement areas; the right to park vehicles and store equipment and materials within the above-described easement areas; the right to clear, maintain, excavate, grade, fill, and otherwise improve the above-described easement areas; the right to enclose the above-described easement areas with fences; and the right, in common with others, of access by foot and vehicle over the grantor's roads and driveways at reasonable times and in reasonable locations, to and from the above-described easement areas, for the exercise of the rights granted hereby.

The easement rights granted herein are subject to all exclusion area, use, activity, and other restrictions of record and as may apply under local, state, or federal law. The restrictions include, but are not limited to, the Activities and Use Restriction described in the Notice of Activity and Use Restriction for Seabrook Station recorded at Book 3772, Page 2765 of the Registry, and as shown on above-referenced plan recorded as D-29834

at the Registry, which restrict, among other things, excavation within the 345KV Terminal Yard. The rights granted herein are further subject to the restrictions of an "exclusion area" as defined in the Nuclear Regulatory Commission regulations with respect to Seabrook Station, and to other controls and exclusions of persons and property pursuant to federal law and regulations including the Atomic Energy Act and Nuclear Regulatory Commission regulations.

The rights granted herein are further subject to such other security and safety requirements as may apply to Seabrook Station.

The rights and conditions stated herein are not intended to affect the rights of access and conditions thereon ("IOA Access Rights") set forth in Sections 6.1, 6.2 and 6.3 of the Interconnection and Operation Agreement between Florida Power and Light Company and FPL Energy Seabrook, LLC, dated September 1, 2003, ("IOA"). A further condition and reservation of this easement is application of such IOA Access Rights with respect to the owner of the easement rights granted herein and the owner of the real property on which the easement is granted (hereinafter the "Parties"), which shall run with the land, and are as follows (defined terms not otherwise defined herein are as defined in the IOA):

IOA Access Rights. The Parties shall have such other access rights, including right-of-way access, to such of their respective facilities (including but not limited to the 345 kV Substation, RTU, any terminal structures for transmission lines and any disconnect switches), properties and equipment as may be necessary to enable each Party to (i) maintain its facilities, properties and equipment in a manner consistent with Good Utility Practice and (ii) perform all of its obligations under the IOA or any agreements related to, contemplated by, or identified in the IOA. Such access shall be provided in accordance with and subject to applicable NRC Requirements & Commitments, and shall not unreasonably interfere with the ongoing business operations, rights and obligations of the Party providing access. Notwithstanding the foregoing, each

Party, its Affiliates, and their employees, contractors, subcontractors and agents may gain access to the other Party's facilities for purposes associated with the ongoing business of the Party seeking access only upon prior notice and consent of the other Party and in compliance with applicable NRC Requirements & Commitments, and NEIL/NSO requirements provided such consent shall not be unreasonably withheld.

Scope of Access Rights. Subject to NRC Requirements & Commitments, the IOA Access Rights are intended to be permanent and shall not be revoked, nor shall either Party take any action that would impede, restrict, diminish, or terminate the rights of access or use granted by the IOA Access Rights, except that either Party may suspend or revoke the IOA Access Rights of any individual if such individual is unqualified or unfit to perform the services for which such individual seeks access to the other Party's facilities, properties and equipment or if such individual engages in acts of negligence or misconduct while on the other Party's site. Notwithstanding the foregoing, subject to NRC Requirements & Commitments (a) should either Party or its successor decide to permanently abandon the use of any IOA Access Rights or portion thereof such Party shall give the other Party written notice of its abandonment, shall remove its properties from the area to be abandoned, and shall cause a release of such IOA Access Rights or any portion thereof to be recorded in the appropriate registry of deeds; (b) the Parties may mutually agree to relocate or expand any or all of the IOA Access Rights locations, provided, however, that the Party requesting the relocation or expansion shall pay all reasonable costs and expenses associated therewith, and the Parties shall execute or obtain, in a form reasonably satisfactory to both Parties, all instruments necessary to establish the new IOA Access Rights location(s); and (c) the Parties may mutually agree in writing to modify or terminate any of the IOA Access Rights.

Additional IOA Access Rights. Subject to NRC Requirements & Commitments, the grantor and grantee shall grant to each other such additional access rights as each may grant under applicable law or regulation as are reasonably necessary for ownership, possession, maintenance, operation or repair of the respective party's equipment and facilities as long as such conveyances, easements or licenses (a) do not have a material adverse effect upon the other party's operations and (b) are consistent with the purpose of the IOA.

The location of this easement, and the description above, is intended to encompass all of the area in which the Substation Equipment is presently situated, which is on the following parcels: land known as the "First and Second Unit Site," as shown on a plan entitled "Subdivision Plan of Land, Properties, Inc. & Public Service Co. of N.H.,

Seabrook, N.H.," recorded as Plan D8560 of the Registry; land known as "Lot 1" as shown on the plan entitled "Property Survey Seabrook Nuclear Power Station, Seabrook, Hampton Falls & Hampton, New Hampshire" recorded as Plan D-30241 of the Registry; and land known as "Lot 2" as shown on the plan entitled "Subdivision Plan of Land, Properties, Inc. & Public Service Co. of N.H., Seabrook, N.H.," recorded as Plan D8560 of the Registry.

Further subject to rights, conditions, and other matters described in the above-referenced deeds at Book 3875, Page 2205, and Book 3875, Page 2231 of the Registry.

SCHEDULE B

DESCRIPTION OF CERTAIN COLLATERAL

(GIS) Gas Insulated Substation Equipment

Qty (5) Three Phase Circuit Breakers
Qty (12) Three Phase Disconnect Switches
Qty (1) Three Phase Fast Acting Disconnect Switches
Qty (12) Three Phase Ground Switch
Qty (2) Three Phase Fast Acting Ground Switches
Qty (9) Voltage Transformers with Ground Switches (3 per Phase on 3 Phase System)
Qty (5) Local Control Cabinets (LCCs)
Qty (1100') Interconnecting bus

Relay Room Equipment

Qty (6) Relay Cabinets
Qty (1) Relay Room Annunciator
1 Lot - Cabling between GIS equipment, LCCs, Relay Room equipment

Engineering

Engineering Drawings and detailed commissioning plans for Structural, Electrical, Ancillary and Security equipment relating to the foregoing.

Structures and Fixtures

One approximately 44'W x 83'L x 70'H Structure on or in which the GIS equipment listed above is to be installed, which structure is to be constructed and located on land in Seabrook, Rockingham County, New Hampshire, more particularly described as follows:

Land known as the "First and Second Unit Site," as shown on a plan entitled "Subdivision Plan of Land, Properties, Inc. & Public Service Co. of N.H., Seabrook, N.H.," recorded as Plan 8560 of the Registry of Deeds for Rockingham County, New Hampshire ("Registry");

Land known as "Lot 1" as shown on the plan entitled "Property Survey Seabrook Nuclear Power Station, Seabrook, Hampton Falls & Hampton, New Hampshire" recorded as Plan D-30241 of the Registry; and

Land known as "Lot 2" as shown on the plan entitled "Subdivision Plan of Land, Properties, Inc. & Public Service Co. of N.H., Seabrook, N.H.," recorded as Plan D8560 of the Registry.

Other Equipment and Software

Switches, lights, wire and other equipment and software acquired to modify the Plant Control Room and the Plant Simulator for new substation topology
Bullet resistant enclosure and other equipment and software acquired to make various modifications for security

**State of New Hampshire
Public Utilities Commission
Concord**

Report No.
Sheet 1 of 2
Date:

**Company: FPL – New England Division
For Quarter of 08/2008 – 07/2011**

Report of Proposed Expenditures
For Additions, Extensions and Capital Improvements
To Fixed Capital
(In Compliance with P.U.C. Order No. 5963)

ITEM NO.	LOCATION ¹	DESCRIPTION	<u>EST. CONSTRUCTION DATE</u>		² ESTIMATED COST \$M
			Start	Finish	
1)		MEPPI – Engineering, Procurement & Construction	08/08	07/11	\$33.3
2)		MEPPI – Time and Equipment	08/08	07/11	\$18.4
3)		FPL/Seabrook Support / labor / engineering	08/08	07/11	\$10.7
4)		Security (Blast Bullet Resistive Enclosure)	01/09	12/10	\$0.6
		TOTAL			\$63.0³
		Notes: 1. Seabrook Substation Seabrook NH 2. See page 2 of 2 for more detail 3. Reflects total project costs; other Seabrook co-owners are responsible for approx 12% of project costs			

Signed William C. Locke, Jr. Title Manager, Transmission Services
William C. Locke, Jr.

**State of New Hampshire
Public Utilities Commission
Concord**

Report No.
Sheet 2 of 2
Date: March 18, 2010

Projected Seabrook Reliability Upgrade Project Cashflow

	2008	2009	2010	2011	Total
MEPPI – EPC	\$ 0.8	\$ 27.0	\$ 3.0	\$ 2.5	\$ 33.3
MEPPI – T&E	\$ 0.4	\$ 14.9	\$ 1.7	\$ 1.4	\$ 18.4
FPL Seabrook Support	\$ 0.3	\$ 8.7	\$ 1.0	\$ 0.8	\$ 10.7
Security	\$ 0.0	\$ 0.5	\$ 0.1	\$ 0.0	\$ 0.6
TOTAL Projected	\$ 1.5	\$ 51.1	\$ 5.7	\$ 4.8	\$ 63.0
TOTAL (Approved)					
FPL-NED Projected (88.23%)	\$ 1.30	\$ 45.08	\$ 5.01	\$ 4.20	\$ 55.58

Signed William C. Locke, Jr. Title Manager, Transmission Services
William C. Locke, Jr.