

NEXTERA ENERGY INC  
 Form 10-Q  
 July 31, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549  
 FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

Commission File Number 1-8841 2-27612	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number NEXTERA ENERGY, INC. FLORIDA POWER & LIGHT COMPANY 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	IRS Employer Identification Number 59-2449419 59-0247775
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State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes  No  Florida Power & Light  
 Company Yes  No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes  No  Florida Power & Light  
 Company Yes  No

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Florida Power & Light Company	Large Accelerated Filer <input checked="" type="checkbox"/> Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/> Non-Accelerated Filer <input type="checkbox"/> Smaller Reporting Company <input type="checkbox"/> Accelerated Filer <input type="checkbox"/> Non-Accelerated Filer <input checked="" type="checkbox"/> Smaller Reporting Company <input type="checkbox"/>
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Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

The number of shares outstanding of NextEra Energy, Inc. common stock, as of the latest practicable date: Common Stock, \$0.01 par value, outstanding as of June 30, 2014: 436,357,087 shares.

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As of June 30, 2014, there were issued and outstanding 1,000 shares of Florida Power & Light Company common stock, without par value, all of which were held, beneficially and of record, by NextEra Energy, Inc.

This combined Form 10-Q represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction H.(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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## TABLE OF CONTENTS

	Page No.
<u>Forward-Looking Statements</u>	<u>3</u>
PART I - FINANCIAL INFORMATION	
<u>Item 1. Financial Statements</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>40</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>57</u>
<u>Item 4. Controls and Procedures</u>	<u>57</u>
PART II - OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	<u>57</u>
<u>Item 1A. Risk Factors</u>	<u>57</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>57</u>
<u>Item 5. Other Information</u>	<u>58</u>
<u>Item 6. Exhibits</u>	<u>59</u>
<u>Signatures</u>	<u>61</u>

NextEra Energy, Inc., Florida Power & Light Company, NextEra Energy Capital Holdings, Inc. and NextEra Energy Resources, LLC each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, NextEra, FPL Group Capital, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as may result, are expected to, will continue, is anticipated, aim, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NextEra Energy, Inc.'s (NEE) and/or Florida Power & Light Company's (FPL) operations and financial results, and could cause NEE's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NEE and/or FPL in this combined Form 10-Q, in presentations, on their respective websites, in response to questions or otherwise.

### Regulatory, Legislative and Legal Risks

• NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected by the extensive regulation of their business.

• NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected if they are unable to recover in a timely manner any significant amount of costs, a return on certain assets or an appropriate return on capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise.

• Regulatory decisions that are important to NEE and FPL may be materially adversely affected by political, regulatory and economic factors.

• FPL's use of derivative instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the Florida Public Service Commission (FPSC).

• Any reductions to, or the elimination of, governmental incentives that support renewable energy, including, but not limited to, tax incentives, renewable portfolio standards or feed-in tariffs, or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development of new renewable energy projects, NextEra Energy Resources, LLC (NEER) abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

• NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected as a result of new or revised laws, regulations or interpretations or other regulatory initiatives.

• NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected if the rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act broaden the scope of its provisions regarding the regulation of over-the-counter (OTC) financial derivatives and make certain provisions applicable to NEE and FPL.

• NEE and FPL are subject to numerous environmental laws, regulations and other standards that may result in capital expenditures, increased operating costs and various liabilities, and may require NEE and FPL to limit or eliminate certain operations.

• NEE's and FPL's business could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions.

• Extensive federal regulation of the operations of NEE and FPL exposes NEE and FPL to significant and increasing compliance costs and may also expose them to substantial monetary penalties and other sanctions for compliance failures.

• Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected due to adverse results of litigation.

Operational Risks

NEE's and FPL's business, financial condition, results of operations and prospects could suffer if NEE and FPL do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget.

NEE and FPL may face risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities.

The operation and maintenance of NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks, the consequences of which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

NEE's and FPL's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.

Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NEE's and FPL's business, or the businesses of third parties, may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

The ability of NEE and FPL to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEE's and FPL's insurance coverage does not provide protection against all significant losses.

If supply costs necessary to provide NEE's full energy and capacity requirement services are not favorable, operating costs could increase and materially adversely affect NEE's business, financial condition, results of operations and prospects.

Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEE's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's business, financial condition, results of operations and prospects.

Sales of power on the spot market or on a short-term contractual basis may cause NEE's results of operations to be volatile.

Reductions in the liquidity of energy markets may restrict the ability of NEE to manage its operational risks, which, in turn, could negatively affect NEE's results of operations.

NEE's and FPL's hedging and trading procedures and associated risk management tools may not protect against significant losses.

If price movements significantly or persistently deviate from historical behavior, NEE's and FPL's risk management tools associated with their hedging and trading procedures may not protect against significant losses.

If power transmission or natural gas, nuclear fuel or other commodity transportation facilities are unavailable or disrupted, FPL's and NEE's ability to sell and deliver power or natural gas may be limited.

NEE and FPL are subject to credit and performance risk from customers, hedging counterparties and vendors.

NEE and FPL could recognize financial losses or a reduction in operating cash flows if a counterparty fails to perform or make payments in accordance with the terms of derivative contracts or if NEE or FPL is required to post margin cash collateral under derivative contracts.

NEE and FPL are highly dependent on sensitive and complex information technology systems, and any failure or breach of those systems could have a material adverse effect on their business, financial condition, results of operations and prospects.

NEE's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in a material adverse impact to their reputation and/or the results of operations of the retail business.

NEE and FPL could recognize financial losses as a result of volatility in the market values of derivative instruments and limited liquidity in OTC markets.

NEE and FPL may be materially adversely affected by negative publicity.

NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected if FPL is unable to maintain, negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.

Increasing costs associated with health care plans may materially adversely affect NEE's and FPL's results of operations.

NEE's and FPL's business, financial condition, results of operations and prospects could be negatively affected by the lack of a qualified workforce or the loss or retirement of key employees.

NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected by work strikes or stoppages and increasing personnel costs.

NEE's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power

industry.

#### Nuclear Generation Risks

The construction, operation and maintenance of NEE's and FPL's nuclear generation facilities involve environmental, health and financial risks that could result in fines or the closure of the facilities and in increased costs and capital expenditures.

In the event of an incident at any nuclear generation facility in the United States (U.S.) or at certain nuclear generation facilities in Europe, NEE and FPL could be assessed significant retrospective assessments and/or retrospective insurance

4

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premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.

U.S. Nuclear Regulatory Commission (NRC) orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require NEE and FPL to incur substantial operating and capital expenditures at their nuclear generation facilities.

The inability to operate any of NEE's or FPL's nuclear generation units through the end of their respective operating licenses could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

Various hazards posed to nuclear generation facilities, along with increased public attention to and awareness of such hazards, could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict and could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, and for other purposes. If planned outages last longer than anticipated or if there are unplanned outages, NEE's and FPL's results of operations and financial condition could be materially adversely affected.

**Liquidity, Capital Requirements and Common Stock Risks**

Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NEE's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely affect the results of operations and financial condition of NEE and FPL.

NEE's, NextEra Energy Capital Holdings, Inc.'s (NEECH) and FPL's inability to maintain their current credit ratings may adversely affect NEE's and FPL's liquidity and results of operations, limit the ability of NEE and FPL to grow their business, and increase interest costs.

NEE's and FPL's liquidity may be impaired if their creditors are unable to fund their credit commitments to the companies or to maintain their current credit ratings.

Poor market performance and other economic factors could affect NEE's defined benefit pension plan's funded status, which may materially adversely affect NEE's and FPL's business, financial condition, liquidity and results of operations and prospects.

Poor market performance and other economic factors could adversely affect the asset values of NEE's and FPL's nuclear decommissioning funds, which may materially adversely affect NEE's and FPL's liquidity and results of operations.

Certain of NEE's investments are subject to changes in market value and other risks, which may materially adversely affect NEE's liquidity, financial results and results of operations.

NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NEE.

NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if NEE is required to perform under guarantees of obligations of its subsidiaries.

Disruptions, uncertainty or volatility in the credit and capital markets may exert downward pressure on the market price of NEE's common stock.

These factors should be read together with the risk factors included in Part I, Item 1A. Risk Factors in NEE's and FPL's Annual Report on Form 10-K for the year ended December 31, 2013 (2013 Form 10-K), and investors should refer to that section of the 2013 Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and NEE and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.



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Website Access to U.S. Securities and Exchange Commission (SEC) Filings. NEE and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEE's internet website, [www.nexteraenergy.com](http://www.nexteraenergy.com), as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' websites) are not incorporated by reference into this combined Form 10-Q. The SEC maintains an internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## NEXTERA ENERGY, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(millions, except per share amounts)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
OPERATING REVENUES	\$4,029	\$3,833	\$7,703	\$7,112
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,373	1,262	2,771	2,327
Other operations and maintenance	768	764	1,524	1,520
Impairment charge	—	—	—	300
Depreciation and amortization	614	500	1,076	918
Taxes other than income taxes and other	323	326	642	632
Total operating expenses	3,078	2,852	6,013	5,697
OPERATING INCOME	951	981	1,690	1,415
OTHER INCOME (DEDUCTIONS)				
Interest expense	(305 )	(266 )	(624 )	(537 )
Benefits associated with differential membership interests - net	58	42	122	82
Equity in earnings of equity method investees	20	9	22	5
Allowance for equity funds used during construction	6	12	21	38
Interest income	21	19	42	38
Gains on disposal of assets - net	33	9	77	21
Gain (loss) associated with Maine fossil	—	—	21	(67 )
Other - net	—	15	(6 )	12
Total other deductions - net	(167 )	(160 )	(325 )	(408 )
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	784	821	1,365	1,007
INCOME TAXES	292	211	444	355
INCOME FROM CONTINUING OPERATIONS	492	610	921	652
GAIN FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	—	—	—	231
NET INCOME	\$492	\$610	\$921	\$883
Basic earnings per share of common stock:				
Continuing operations	\$1.13	\$1.45	\$2.12	\$1.54
Discontinued operations	—	—	—	0.55
Net income	\$1.13	\$1.45	\$2.12	\$2.09
Earnings per share of common stock - assuming dilution:				
Continuing operations	\$1.12	\$1.44	\$2.10	\$1.54
Discontinued operations	—	—	—	0.54
Net income	\$1.12	\$1.44	\$2.10	\$2.08
Dividends per share of common stock	\$0.725	\$0.66	\$1.45	\$1.32
Weighted-average number of common shares outstanding:				
Basic	434.1	421.8	433.8	421.4
Assuming dilution	440.1	424.8	439.3	424.3

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements (Notes) herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

6

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## NEXTERA ENERGY, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
NET INCOME	\$492	\$610	\$921	\$883
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Net unrealized gains (losses) on cash flow hedges:				
Effective portion of net unrealized gains (losses) (net of \$3 tax benefit, \$25 tax expense, \$14 tax benefit and \$52 tax expense, respectively)	(7	) 36	(25	) 101
Reclassification from accumulated other comprehensive income to net income (net of \$3 tax benefit, \$9, \$2 and \$22 tax expense, respectively)	(4	) 18	5	39
Net unrealized gains (losses) on available for sale securities:				
Net unrealized gains on securities still held (net of \$22, \$1, \$31 and \$27 tax expense, respectively)	40	2	53	42
Reclassification from accumulated other comprehensive income to net income (net of \$3, \$3, \$18 and \$7 tax benefit, respectively)	(5	) (4	) (30	) (10
Defined benefit pension and other benefits plans (net of \$3 and \$4 tax expense, respectively)	—	—	5	7
Net unrealized gains (losses) on foreign currency translation (net of \$8 tax expense, \$11 tax benefit and \$16 tax benefit, respectively)	17	(23	) —	(32
Other comprehensive income (loss) related to equity method investee (net of \$2 tax benefit, \$3 tax expense, \$3 tax benefit and \$4 tax expense, respectively)	(3	) 5	(5	) 6
Total other comprehensive income, net of tax	38	34	3	153
COMPREHENSIVE INCOME	\$530	\$644	\$924	\$1,036

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

7

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NEXTERA ENERGY, INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (millions, except par value)  
 (unaudited)

	June 30, 2014	December 31, 2013
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric plant in service and other property	\$65,005	\$62,699
Nuclear fuel	2,062	2,059
Construction work in progress	4,366	4,690
Less accumulated depreciation and amortization	(17,402	) (16,728 )
Total property, plant and equipment - net (\$5,027 and \$5,127 related to VIEs, respectively)	54,031	52,720
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	622	438
Customer receivables, net of allowances of \$15 and \$14, respectively	1,978	1,777
Other receivables	314	512
Materials, supplies and fossil fuel inventory	1,178	1,153
Regulatory assets:		
Deferred clause and franchise expenses	221	192
Other	117	116
Derivatives	577	498
Deferred income taxes	395	753
Other	697	403
Total current assets	6,099	5,842
<b>OTHER ASSETS</b>		
Special use funds	5,034	4,780
Other investments	1,262	1,121
Prepaid benefit costs	1,496	1,456
Regulatory assets:		
Securitized storm-recovery costs (\$207 and \$228 related to a VIE, respectively)	337	372
Other	518	426
Derivatives	894	1,163
Other	1,919	1,426
Total other assets	11,460	10,744
<b>TOTAL ASSETS</b>	<b>\$71,590</b>	<b>\$69,306</b>
<b>CAPITALIZATION</b>		
Common stock (\$0.01 par value, authorized shares - 800; outstanding shares - 436 and 435, respectively)	\$4	\$4
Additional paid-in capital	6,506	6,411
Retained earnings	11,860	11,569
Accumulated other comprehensive income	59	56
Total common shareholders' equity	18,429	18,040
Long-term debt (\$1,117 and \$1,207 related to VIEs, respectively)	25,049	23,969
Total capitalization	43,478	42,009
<b>CURRENT LIABILITIES</b>		
Commercial paper	1,116	691
Short-term debt	500	—
Current maturities of long-term debt	3,285	3,766
Accounts payable	1,475	1,200

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Customer deposits	452	452
Accrued interest and taxes	694	473
Derivatives	686	838
Accrued construction-related expenditures	715	839
Other	767	930
Total current liabilities	9,690	9,189
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,905	1,850
Deferred income taxes	8,227	8,144
Regulatory liabilities:		
Accrued asset removal costs	1,731	1,839
Asset retirement obligation regulatory expense difference	2,200	2,082
Other	493	462
Derivatives	561	473
Deferral related to differential membership interests - VIEs	1,871	2,001
Other	1,434	1,257
Total other liabilities and deferred credits	18,422	18,108
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$71,590</b>	<b>\$69,306</b>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

NEXTERA ENERGY, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (millions)  
 (unaudited)

	Six Months Ended	
	June 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$921	\$883
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,076	918
Nuclear fuel and other amortization	170	177
Impairment charge	—	300
Unrealized losses on marked to market energy contracts	310	68
Deferred income taxes	461	535
Cost recovery clauses and franchise fees	(140)	(157)
Benefits associated with differential membership interests - net	(122)	(82)
Equity in earnings of equity method investees	(22)	(5)
Allowance for equity funds used during construction	(21)	(38)
Gains on disposal of assets - net	(77)	(21)
Gain from discontinued operations, net of income taxes	—	(231)
Loss (gain) associated with Maine fossil	(21)	67
Other - net	233	23
Changes in operating assets and liabilities:		
Customer and other receivables	(151)	(276)
Materials, supplies and fossil fuel inventory	(20)	(47)
Other current assets	(21)	(50)
Other assets	(167)	(52)
Accounts payable and customer deposits	193	224
Margin cash collateral	(200)	33
Income taxes	(30)	(132)
Interest and other taxes	236	201
Other current liabilities	(142)	(89)
Other liabilities	(18)	1
Net cash provided by operating activities	2,448	2,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures of FPL	(1,568)	(1,465)
Independent power and other investments of NEER	(1,436)	(1,510)
Cash grants under the American Recovery and Reinvestment Act of 2009	306	170
Nuclear fuel purchases	(171)	(86)
Other capital expenditures and other investments	(64)	(93)
Sale of independent power investments	273	—
Change in loan proceeds restricted for construction	(366)	207
Proceeds from sale or maturity of securities in special use funds and other investments	2,295	1,907
Purchases of securities in special use funds and other investments	(2,375)	(1,947)
Other - net	1	32
Net cash used in investing activities	(3,105)	(2,785)



## CASH FLOWS FROM FINANCING ACTIVITIES

Issuances of long-term debt	2,729	2,862	
Retirements of long-term debt	(2,275)	(1,425)	)
Proceeds from sale of differential membership interests	39	201	)
Payments to differential membership investors	(42)	(37)	)
Net change in short-term debt	925	(370)	)
Issuances of common stock - net	42	9	)
Dividends on common stock	(630)	(557)	)
Other - net	53	(66)	)
Net cash provided by financing activities	841	617	
Net increase in cash and cash equivalents	184	82	
Cash and cash equivalents at beginning of period	438	329	
Cash and cash equivalents at end of period	\$622	\$411	

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Accrued property additions	\$1,021	\$726
Sale of hydropower generation plants through assumption of debt by buyer	\$—	\$700
Changes in property, plant and equipment as a result of a settlement	\$107	\$—

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

FLORIDA POWER & LIGHT COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(millions)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
OPERATING REVENUES	\$2,889	\$2,696	\$5,424	\$4,885
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,076	1,018	2,112	1,838
Other operations and maintenance	388	426	771	811
Depreciation and amortization	349	248	557	429
Taxes other than income taxes and other	294	280	570	540
Total operating expenses	2,107	1,972	4,010	3,618
OPERATING INCOME	782	724	1,414	1,267
OTHER INCOME (DEDUCTIONS)				
Interest expense	(111	) (104	) (213	) (205
Allowance for equity funds used during construction	6	12	21	30
Other - net	1	—	2	—
Total other deductions - net	(104	) (92	) (190	) (175
INCOME BEFORE INCOME TAXES	678	632	1,224	1,092
INCOME TAXES	255	241	454	413
NET INCOME <sup>(a)</sup>	\$423	\$391	\$770	\$679

(a) FPL's comprehensive income is the same as reported net income.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

10

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FLORIDA POWER & LIGHT COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(millions, except share amount)  
(unaudited)

	June 30, 2014	December 31, 2013
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service and other property	\$38,566	\$36,838
Nuclear fuel	1,267	1,240
Construction work in progress	1,269	1,818
Less accumulated depreciation and amortization	(11,226	) (10,944
Total electric utility plant - net	29,876	28,952
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	58	19
Customer receivables, net of allowances of \$6 and \$5, respectively	904	757
Other receivables	130	137
Materials, supplies and fossil fuel inventory	774	742
Regulatory assets:		
Deferred clause and franchise expenses	221	192
Other	109	105
Other	186	261
Total current assets	2,382	2,213
<b>OTHER ASSETS</b>		
Special use funds	3,434	3,273
Prepaid benefit costs	1,166	1,142
Regulatory assets:		
Securitized storm-recovery costs (\$207 and \$228 related to a VIE, respectively)	337	372
Other	484	396
Other	203	140
Total other assets	5,624	5,323
<b>TOTAL ASSETS</b>	<b>\$37,882</b>	<b>\$36,488</b>
<b>CAPITALIZATION</b>		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	\$1,373	\$1,373
Additional paid-in capital	6,279	6,179
Retained earnings	5,802	5,532
Total common shareholder's equity	13,454	13,084
Long-term debt (\$300 and \$331 related to a VIE, respectively)	8,942	8,473
Total capitalization	22,396	21,557
<b>CURRENT LIABILITIES</b>		
Commercial paper	451	204
Current maturities of long-term debt	58	356
Accounts payable	743	611
Customer deposits	448	447
Accrued interest and taxes	571	272
Accrued construction-related expenditures	176	202
Other	382	438
Total current liabilities	2,829	2,530

OTHER LIABILITIES AND DEFERRED CREDITS

Asset retirement obligations	1,319	1,285
Deferred income taxes	6,534	6,355
Regulatory liabilities:		
Accrued asset removal costs	1,731	1,839
Asset retirement obligation regulatory expense difference	2,200	2,082
Other	422	386
Other	451	454
Total other liabilities and deferred credits	12,657	12,401
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	\$37,882	\$36,488

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

FLORIDA POWER & LIGHT COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)  
(unaudited)

	Six Months Ended June 30,		
	2014	2013	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$770	\$679	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	557	429	
Nuclear fuel and other amortization	95	83	
Deferred income taxes	287	353	
Cost recovery clauses and franchise fees	(140)	(157)	)
Allowance for equity funds used during construction	(21)	(30)	)
Other - net	87	67	
Changes in operating assets and liabilities:			
Customer and other receivables	(139)	(118)	)
Materials, supplies and fossil fuel inventory	(32)	(26)	)
Other current assets	(8)	(36)	)
Other assets	(82)	(12)	)
Accounts payable and customer deposits	133	159	
Income taxes	97	61	
Interest and other taxes	209	191	
Other current liabilities	(69)	(83)	)
Other liabilities	(21)	(14)	)
Net cash provided by operating activities	1,723	1,546	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures	(1,568)	(1,465)	)
Nuclear fuel purchases	(110)	(41)	)
Proceeds from sale or maturity of securities in special use funds	1,799	1,354	
Purchases of securities in special use funds	(1,851)	(1,388)	)
Other - net	29	10	
Net cash used in investing activities	(1,701)	(1,530)	)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuances of long-term debt	499	498	
Retirements of long-term debt	(329)	(427)	)
Net change in short-term debt	247	241	
Capital contribution from NEE	100	—	
Dividends to NEE	(500)	(340)	)
Other - net	—	2	
Net cash provided by (used in) financing activities	17	(26)	)
Net increase (decrease) in cash and cash equivalents	39	(10)	)
Cash and cash equivalents at beginning of period	19	40	
Cash and cash equivalents at end of period	\$58	\$30	
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Accrued property additions	\$326	\$365	

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2013 Form 10-K.

12

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the 2013 Form 10-K. In the opinion of NEE and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's condensed consolidated financial statements have been reclassified to conform to the current year's presentation. See Note 4 - Nonrecurring Fair Value Measurements for a discussion of the decision not to pursue the sale of NEER's ownership interests in oil-fired generating plants located in Maine with a total generating capacity of 796 megawatts (MW) (Maine fossil) and the related financial statement impacts. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Summary of Significant Accounting and Reporting Policies

**Revenue Recognition** - In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting standard which provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows from an entity's contracts with customers. The standard is effective for NEE and FPL beginning January 1, 2017. NEE and FPL are currently evaluating the effect the adoption of this standard will have, if any, on their consolidated financial statements.

**Basis of Presentation** - NEE formed NextEra Energy Partners, LP (NEP) to own, operate and acquire contracted clean energy projects with stable, long-term cash flows through a limited partner interest in NextEra Energy Operating Partners, LP (NEP OpCo). On July 1, 2014, NEP closed its initial public offering by issuing 18,687,500 common units representing limited partnership interests. The proceeds from the sale of the common units, net of underwriting discounts, commissions and structuring fees, were approximately \$438 million. NEP used such proceeds to purchase 18,687,500 common units of NEP OpCo, of which approximately \$288 million was used to purchase common units from an indirect wholly-owned subsidiary of NEE and \$150 million was used to purchase common units from NEP OpCo which will use the net proceeds for its general corporate purposes, including to fund future acquisition opportunities. NEE retained 74,440,000 units of NEP OpCo representing a 79.9% interest in the operating projects owned by NEP. Additionally, NEE owns a controlling general partner interest in NEP and, beginning July 1, 2014, will consolidate this entity for financial reporting purposes and will present NEP's limited partner interest as a non-controlling interest in NEE's financial statements. Upon completion of the initial public offering, NEP, through NEER's contribution of energy projects to NEP OpCo, owned a portfolio of ten wind and solar projects with generation capacity totaling approximately 990 MW.

2. Employee Retirement Benefits

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries and has a supplemental executive retirement plan, which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees (collectively, pension benefits). In addition to pension benefits, NEE sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of NEE and its subsidiaries meeting certain eligibility requirements.

The components of net periodic benefit (income) cost for the plans are as follows:

Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Three Months	Three Months	Six Months Ended	Six Months Ended
Ended	Ended	June 30,	June 30,



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	June 30,		June 30,		2014		2013	
	2014	2013	2014	2013	2014	2013	2014	2013
	(millions)							
Service cost	\$16	\$18	\$1	\$1	\$32	\$36	\$2	\$2
Interest cost	26	24	4	4	51	48	8	8
Expected return on plan assets	(60 )	(59 )	(1 )	—	(120 )	(119 )	(1 )	—
Amortization of prior service cost (benefit)	—	2	—	(1 )	1	4	(1 )	(2 )
Amortization of losses	—	—	—	—	—	1	—	1
Special termination benefits	—	12	—	—	—	12	—	—
Net periodic benefit (income) cost at NEE	\$(18 )	\$(3 )	\$4	\$4	\$(36 )	\$(18 )	\$8	\$9
Net periodic benefit (income) cost at FPL	\$(12 )	\$(2 )	\$3	\$3	\$(23 )	\$(12 )	\$6	\$6

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

### 3. Derivative Instruments

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with outstanding and forecasted debt issuances, and to optimize the value of NEER's power generation and gas infrastructure assets.

With respect to commodities related to NEE's competitive energy business, NEER employs risk management procedures to conduct its activities related to optimizing the value of its power generation and gas infrastructure assets, providing full energy and capacity requirements services primarily to distribution utilities, and engaging in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the OTC markets, depending on the most favorable credit terms and market execution factors. For NEER's power generation and gas infrastructure assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge all or a portion of the expected output of these assets. These hedges are designed to reduce the effect of adverse changes in the wholesale forward commodity markets associated with NEER's power generation and gas infrastructure assets. With regard to full energy and capacity requirements services, NEER is required to vary the quantity of energy and related services based on the load demands of the customers served. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and reduce the effect of unfavorable changes in the forward energy markets. Additionally, NEER takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions, including supply/demand imbalances, changes in traditional flows of energy, changes in short- and long-term weather patterns and anticipated regulatory and legislative outcomes. NEER uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause). For NEE's non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues; fuel purchases used in the production of electricity are recognized in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. For commodity derivatives, NEE believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NEE's and FPL's condensed consolidated statements of cash flows.

While most of NEE's derivatives are entered into for the purpose of managing commodity price risk, optimizing the value of NEER's power generation and gas infrastructure assets, reducing the impact of volatility in interest rates on

outstanding and forecasted debt issuances and managing foreign currency risk, hedge accounting is only applied where specific criteria are met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and it must be highly effective in offsetting the hedged risk. Additionally, for hedges of forecasted transactions, the forecasted transactions must be probable. For interest rate and foreign currency derivative instruments, generally NEE assesses a hedging instrument's effectiveness by using nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income (OCI) and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings or when it becomes probable that a forecasted transaction being hedged would not occur. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period. In April 2013, NEE discontinued hedge accounting for cash flow hedges related to interest rate swaps associated with the solar projects in Spain (see Note 10 - Spain Solar Projects). At June 30, 2014, NEE's accumulated other comprehensive income (AOCI) included amounts related to interest rate cash flow hedges with expiration dates through September 2032 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately \$49 million of net losses included in AOCI at June 30, 2014 is expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in interest rates, currency exchange rates or scheduled principal payments.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at June 30, 2014 and December 31, 2013, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral (see Note 4 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the condensed consolidated balance sheets.

	June 30, 2014		Fair Values of Derivatives		Total Derivatives	
	Fair Values of Derivatives Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Combined - Net Basis	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(millions)					
<b>NEE:</b>						
Commodity contracts	\$—	\$—	\$5,482	\$4,922	\$1,400	\$974
Interest rate contracts	43	94	—	119	68	238
Foreign currency swaps	—	32	—	—	3	35
Total fair values	\$43	\$126	\$5,482	\$5,041	\$1,471	\$1,247
<b>FPL:</b>						
Commodity contracts	\$—	\$—	\$84	\$12	\$84	\$12
Net fair value by NEE balance sheet line item:						
Current derivative assets <sup>(a)</sup>					\$577	
Noncurrent derivative assets <sup>(b)</sup>					894	
Current derivative liabilities <sup>(c)</sup>						\$686
Noncurrent derivative liabilities <sup>(d)</sup>						561
Total derivatives					\$1,471	\$1,247
Net fair value by FPL balance sheet line item:						
Current other assets					\$81	
Noncurrent other assets					3	
Current other liabilities						\$1
Noncurrent other liabilities						11
Total derivatives					\$84	\$12

(a) Reflects the netting of approximately \$81 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$68 million in margin cash collateral received from counterparties.

(c) Reflects the netting of approximately \$1 million in margin cash collateral provided to counterparties.

(d) Reflects the netting of approximately \$14 million in margin cash collateral provided to counterparties.



NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	December 31, 2013		Fair Values of		Total Derivatives	
	Fair Values of		Derivatives Not		Combined -	
	Derivatives		Designated as Hedging		Net Basis	
	Designated as Hedging		Instruments for			
	Instruments for		Accounting			
	Accounting		Purposes - Gross Basis			
	Purposes - Gross Basis		Assets		Assets	
	Assets		Liabilities		Liabilities	
	Liabilities		(millions)			
NEE:						
Commodity contracts	\$—	\$—	\$4,543	\$3,633	\$1,571	\$940
Interest rate contracts	89	127	1	93	90	220
Foreign currency swaps	—	50	—	101	—	151
Total fair values	\$89	\$177	\$4,544	\$3,827	\$1,661	\$1,311
FPL:						
Commodity contracts	\$—	\$—	\$55	\$9	\$48	\$2
Net fair value by NEE balance sheet line item:						
Current derivative assets <sup>(a)</sup>					\$498	
Noncurrent derivative assets <sup>(b)</sup>					1,163	
Current derivative liabilities						\$838
Noncurrent derivative liabilities						473
Total derivatives					\$1,661	\$1,311
Net fair value by FPL balance sheet line item:						
Current other assets					\$48	
Current other liabilities						\$1
Noncurrent other liabilities						1
Total derivatives					\$48	\$2

(a) Reflects the netting of approximately \$181 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$98 million in margin cash collateral received from counterparties.

At June 30, 2014 and December 31, 2013, NEE had approximately \$20 million and \$24 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's condensed consolidated balance sheets. Additionally, at June 30, 2014 and December 31, 2013, NEE had approximately \$93 million and \$42 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative assets or liabilities in the above presentation. These amounts are included in current other assets on NEE's condensed consolidated balance sheets.

Income Statement Impact of Derivative Instruments - Gains (losses) related to NEE's cash flow hedges are recorded in NEE's condensed consolidated financial statements (none at FPL) as follows:

	Three Months Ended June 30, 2014			2013		
	Interest Rate Contracts (millions)	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total
Gains (losses) recognized in OCI	\$(27 )	\$17	\$(10)	\$65	\$(4 )	\$61
Gains (losses) reclassified from AOCI to net income	\$(16 ) <sup>(a)</sup>	\$23 <sup>(b)</sup>	\$7	\$(15 ) <sup>(a)</sup>	\$(12 ) <sup>(b)</sup>	\$(27)

(a) Included in interest expense.

(b) Loss of approximately \$1 million is included in interest expense and the balance is included in other - net.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	Six Months Ended June 30, 2014			2013		
	Interest Rate Contracts (millions)	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total
Gains (losses) recognized in OCI	\$(54 )	\$15	\$(39)	\$165	\$(12 )	\$153
Gains (losses) reclassified from AOCI to net income	\$(32 ) <sup>(a)</sup>	\$25 <sup>(b)</sup>	\$(7 )	\$(30 ) <sup>(a)</sup>	\$(31 ) <sup>(b)</sup>	\$(61 )

(a) Included in interest expense.

(b) Loss of approximately \$2 million is included in interest expense and the balance is included in other - net.

For the three months ended June 30, 2014 and 2013, NEE recorded a gain of approximately \$15 million and a loss of \$48 million, respectively, on fair value hedges which resulted in a corresponding increase and decrease, respectively, in the related debt. For the six months ended June 30, 2014 and 2013, NEE recorded a gain of approximately \$19 million and a loss of \$57 million, respectively, on fair value hedges which resulted in a corresponding increase and decrease, respectively, in the related debt.

Gains (losses) related to NEE's derivatives not designated as hedging instruments are recorded in NEE's condensed consolidated statements of income as follows:

	Three Months Ended June 30, 2014		Six Months Ended June 30, 2013	
	2014	2013	2014	2013
Commodity contracts: <sup>(a)</sup>				
Operating revenues	\$(153 )	\$15	\$(425 )	\$(27 )
Fuel, purchased power and interchange	—	8	(4 )	11
Foreign currency swap - other - net	(6 )	(20 )	(1 )	(52 )
Interest rate contracts - interest expense	(8 )	11	(35 )	11
Total	\$(167 )	\$14	\$(465 )	\$(57 )

For the three and six months ended June 30, 2014, FPL recorded approximately \$11 million and \$147 million of gains, respectively, related to commodity contracts as regulatory liabilities on its condensed consolidated balance sheets. For the three and six months ended June 30, 2013, FPL recorded approximately \$149 million and \$5 million of losses, respectively, related to commodity contracts as regulatory assets on its condensed consolidated balance sheets.

Notional Volumes of Derivative Instruments - The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NEE's and FPL's condensed consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. These volumes are only an indication of the commodity exposure that is managed through the use of derivatives. They do not represent net physical asset positions or non-derivative positions and their hedges, nor do they represent NEE's and FPL's net economic exposure, but only the net notional derivative positions that fully or partially hedge the related asset positions. NEE and FPL had derivative



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commodity contracts for the following net notional volumes:

Commodity Type	June 30, 2014		December 31, 2013	
	NEE (millions)	FPL	NEE	FPL
Power	(94 ) MWh <sup>(a)</sup>	—	(276 ) MWh <sup>(a)</sup>	—
Natural gas	1,422 MMBtu <sup>(b)</sup>	884 MMBtu <sup>(b)</sup>	1,140 MMBtu <sup>(b)</sup>	674 MMBtu <sup>(b)</sup>
Oil	(9 ) barrels	—	(10 ) barrels	—

(a) Megawatt-hours

(b) One million British thermal units

At June 30, 2014 and December 31, 2013, NEE had interest rate contracts with a notional amount totaling approximately \$7.1 billion and \$6.5 billion, respectively, and foreign currency swaps with a notional amount totaling approximately \$661 million and \$662 million, respectively.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

**Credit-Risk-Related Contingent Features** - Certain derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At June 30, 2014 and December 31, 2013, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$2.0 billion (\$12 million for FPL) and \$2.1 billion (\$9 million for FPL), respectively.

If the credit-risk-related contingent features underlying these agreements and other commodity-related contracts were triggered, certain subsidiaries of NEE, including FPL, could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and NEECH's credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately \$300 million (\$20 million at FPL) as of June 30, 2014 and \$400 million (\$20 million at FPL) as of December 31, 2013. If FPL's and NEECH's credit ratings were downgraded to below investment grade, applicable NEE subsidiaries would be required to post additional collateral such that the total posted collateral would be approximately \$2.3 billion (\$0.4 billion at FPL) and \$2.3 billion (\$0.4 billion at FPL) as of June 30, 2014 and December 31, 2013, respectively. Some contracts do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, applicable NEE subsidiaries could be required to post additional collateral of up to approximately \$700 million (\$200 million at FPL) and \$800 million (\$150 million at FPL) as of June 30, 2014 and December 31, 2013, respectively.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At June 30, 2014 and December 31, 2013, applicable NEE subsidiaries have posted approximately \$39 million (none at FPL) and \$210 million (none at FPL), respectively, in the form of letters of credit which could be applied toward the collateral requirements described above. FPL and NEECH have credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

Additionally, some contracts contain certain adequate assurance provisions where a counterparty may demand additional collateral based on subjective events and/or conditions. Due to the subjective nature of these provisions, NEE and FPL are unable to determine an exact value for these items and they are not included in any of the quantitative disclosures above.

#### 4. Fair Value Measurements

The fair value of assets and liabilities are determined using either unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available and using unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. NEE and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NEE's and FPL's assessment of the

significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels. Non-performance risk, including the consideration of a credit valuation adjustment, is also considered in the determination of fair value for all assets and liabilities measured at fair value.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NEE primarily holds investments in money market funds. The fair value of these funds is calculated using current market prices.

Special Use Funds and Other Investments - NEE and FPL hold primarily debt and equity securities directly, as well as indirectly through commingled funds. Substantially all directly held equity securities are valued at their quoted market prices. For directly held debt securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue of each security. Commingled funds, which are similar to mutual funds, are maintained by banks or investment companies and hold certain investments in accordance with a stated set of objectives. The fair value of commingled funds is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market.

Derivative Instruments - NEE and FPL measure the fair value of commodity contracts using prices observed on commodities exchanges and in the OTC markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date.

Most exchange-traded derivative assets and liabilities are valued directly using unadjusted quoted prices. For exchange-traded derivative assets and liabilities where the principal market is deemed to be inactive based on average daily volumes and open interest, the measurement is established using settlement prices from the exchanges, and therefore considered to be valued using other observable inputs.

NEE, through its subsidiaries, including FPL, also enters into OTC commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts.

NEE, through NEER, also enters into full requirements contracts, which, in most cases, meet the definition of derivatives and are measured at fair value. These contracts typically have one or more inputs that are not observable and are significant to the valuation of the contract. In addition, certain exchange and non-exchange traded derivative options at NEE have one or more significant inputs that are not observable, and are valued using industry-standard option models.

In all cases where NEE and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. The primary input to the valuation models for commodity contracts is the forward commodity curve for the respective instruments. Other inputs include, but are not limited to, assumptions about market liquidity, volatility, correlation and contract duration as more fully described below in Significant Unobservable Inputs Used in Recurring Fair Value Measurements. In instances where the reference markets are deemed to be inactive or do not have transactions for a similar contract, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points. NEE and FPL regularly evaluate and validate the inputs used to determine fair value by a number of methods, consisting of various market price verification procedures, including the use of pricing services and multiple broker quotes to support the market price of the various commodities. In all cases where there are assumptions and models used to generate inputs for valuing derivative assets and liabilities, the review and verification of the assumptions, models and changes to the models are undertaken by individuals that are independent of those responsible for estimating fair value.

NEE uses interest rate contracts and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain outstanding and forecasted debt issuances and borrowings when deemed appropriate based on market conditions or when required by financing agreements. NEE estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the agreements.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

Recurring Fair Value Measurements - NEE's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	June 30, 2014			Netting <sup>(a)</sup>	Total	
	Level 1	Level 2	Level 3			
Assets:						
Cash equivalents:						
NEE - equity securities	\$114	\$—	\$—		\$114	
Special use funds: <sup>(b)</sup>						
NEE:						
Equity securities	\$1,185	\$1,353	<sup>(c)</sup> \$—		\$2,538	
U.S. Government and municipal bonds	\$619	\$167	\$—		\$786	
Corporate debt securities	\$—	\$662	\$—		\$662	
Mortgage-backed securities	\$—	\$485	\$—		\$485	
Other debt securities	\$25	\$36	\$—		\$61	
FPL:						
Equity securities	\$279	\$1,182	<sup>(c)</sup> \$—		\$1,461	
U.S. Government and municipal bonds	\$512	\$150	\$—		\$662	
Corporate debt securities	\$—	\$465	\$—		\$465	
Mortgage-backed securities	\$—	\$420	\$—		\$420	
Other debt securities	\$25	\$22	\$—		\$47	
Other investments:						
NEE:						
Equity securities	\$43	\$1	\$—		\$44	
Debt securities	\$20	\$169	\$—		\$189	
Derivatives:						
NEE:						
Commodity contracts	\$2,217	\$2,213	\$1,052	\$(4,082 )	\$1,400	<sup>(d)</sup>
Interest rate contracts	\$—	\$43	\$—	\$25	\$68	<sup>(d)</sup>
Foreign currency swaps	\$—	\$—	\$—	\$3	\$3	<sup>(d)</sup>
FPL - commodity contracts	\$—	\$80	\$4	\$—	\$84	<sup>(d)</sup>
Liabilities:						
Derivatives:						
NEE:						
Commodity contracts	\$2,174	\$2,169	\$579	\$(3,948 )	\$974	<sup>(d)</sup>
Interest rate contracts	\$—	\$94	\$119	\$25	\$238	<sup>(d)</sup>
Foreign currency swaps	\$—	\$32	\$—	\$3	\$35	<sup>(d)</sup>
FPL - commodity contracts	\$—	\$11	\$1	\$—	\$12	<sup>(d)</sup>

<sup>(a)</sup> Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

<sup>(b)</sup> Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at the Carrying Amount below.

- (c) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (d) See Note 3 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	December 31, 2013			Netting <sup>(a)</sup>	Total	
	Level 1 (millions)	Level 2	Level 3			
Assets:						
Cash equivalents:						
NEE - equity securities	\$20	\$—	\$—		\$20	
Special use funds: <sup>(b)</sup>						
NEE:						
Equity securities	\$1,170	\$1,336	<sup>(c)</sup> \$—		\$2,506	
U.S. Government and municipal bonds	\$647	\$180	\$—		\$827	
Corporate debt securities	\$—	\$597	\$—		\$597	
Mortgage-backed securities	\$—	\$479	\$—		\$479	
Other debt securities	\$16	\$44	\$—		\$60	
FPL:						
Equity securities	\$291	\$1,176	<sup>(c)</sup> \$—		\$1,467	
U.S. Government and municipal bonds	\$584	\$154	\$—		\$738	
Corporate debt securities	\$—	\$421	\$—		\$421	
Mortgage-backed securities	\$—	\$401	\$—		\$401	
Other debt securities	\$16	\$30	\$—		\$46	
Other investments:						
NEE:						
Equity securities	\$51	\$—	\$—		\$51	
Debt securities	\$11	\$107	\$—		\$118	
Derivatives:						
NEE:						
Commodity contracts	\$1,368	\$2,106	\$1,069	\$(2,972 )	\$1,571	<sup>(d)</sup>
Interest rate contracts	\$—	\$90	\$—	\$—	\$90	<sup>(d)</sup>
FPL - commodity contracts	\$—	\$53	\$2	\$(7 )	\$48	<sup>(d)</sup>
Liabilities:						
Derivatives:						
NEE:						
Commodity contracts	\$1,285	\$1,994	\$354	\$(2,693 )	\$940	<sup>(d)</sup>
Interest rate contracts	\$—	\$127	\$93	\$—	\$220	<sup>(d)</sup>
Foreign currency swaps	\$—	\$151	\$—	\$—	\$151	<sup>(d)</sup>
FPL - commodity contracts	\$—	\$7	\$2	\$(7 )	\$2	<sup>(d)</sup>

<sup>(a)</sup> Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

<sup>(b)</sup> Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at the Carrying Amount below.

<sup>(c)</sup> Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.

<sup>(d)</sup> See Note 3 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

**Significant Unobservable Inputs Used in Recurring Fair Value Measurements** - The valuation of certain commodity contracts requires the use of significant unobservable inputs. All forward price, implied volatility, implied correlation and interest rate inputs used in the valuation of such contracts are directly based on third-party market data, such as broker quotes and exchange settlements, when that data is available. If third-party market data is not available, then industry standard methodologies are used to develop inputs that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Observable inputs, including some forward prices, implied volatilities and interest rates used for determining fair value are updated daily to reflect the best available market information. Unobservable inputs which are related to observable inputs, such as illiquid portions of forward price or volatility curves, are updated daily as well, using industry standard techniques such as interpolation and extrapolation, combining observable forward inputs supplemented by historical market and other relevant data. Other unobservable inputs, such as implied correlations, customer migration rates from full requirements contracts and some implied volatility curves, are modeled using proprietary models based on historical data and industry standard techniques.



NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

All price, volatility, correlation and customer migration inputs used in valuation are subject to validation by the Trading Risk Management group. The Trading Risk Management group performs a risk management function responsible for assessing credit, market and operational risk impact, reviewing valuation methodology and modeling, confirming transactions, monitoring approval processes and developing and monitoring trading limits. The Trading Risk Management group is separate from the transacting group. For markets where independent third-party data is readily available, validation is conducted daily by directly reviewing this market data against inputs utilized by the transacting group, and indirectly by critically reviewing daily risk reports. For markets where independent third-party data is not readily available, additional analytical reviews are performed on at least a quarterly basis. These analytical reviews are designed to ensure that all price and volatility curves used for fair valuing transactions are adequately validated each quarter, and are reviewed and approved by the Trading Risk Management group. In addition, other valuation assumptions such as implied correlations and customer migration rates are reviewed and approved by the Trading Risk Management group on a periodic basis. Newly created models used in the valuation process are also subject to testing and approval by the Trading Risk Management group prior to use and established models are reviewed annually, or more often as needed, by the Trading Risk Management group.

On a monthly basis, the Exposure Management Committee (EMC), which is comprised of certain members of senior management, meets with representatives from the Trading Risk Management group and the transacting group to discuss NEE's and FPL's energy risk profile and operations, to review risk reports and to discuss fair value issues as necessary. The EMC develops guidelines required for an appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with Trading Risk Management policy. The EMC executes its risk management responsibilities through direct oversight and delegation of its responsibilities to the Trading Risk Management group, as well as to other corporate and business unit personnel.

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at June 30, 2014 are as follows:

Transaction Type	Fair Value at June 30, 2014		Valuation Technique(s)	Significant Unobservable Inputs	Range
	Assets (millions)	Liabilities			
Forward contracts - power	\$518	\$ 104	Discounted cash flow	Forward price (per MWh)	\$8 —\$169
Forward contracts - gas	105	35	Discounted cash flow	Forward price (per MMBtu)	\$2 —\$18
Forward contracts - other commodity related	24	40	Discounted cash flow	Forward price (various)	\$1 —\$112
Options - power	133	123	Option models	Implied correlations	10% —96%
				Implied volatilities	1% —431%
Options - gas	65	123	Option models	Implied correlations	10% —96%
				Implied volatilities	1% —95%
Full requirements and unit contingent contracts	207	154	Discounted cash flow	Forward price (per MWh)	\$(11)—\$219
				Customer migration rate <sup>(a)</sup>	—% —20%
Total	\$ 1,052	\$ 579			

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(a) Applies only to full requirements contracts.

The sensitivity of NEE's fair value measurements to increases (decreases) in the significant unobservable inputs is as follows:

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Forward price	Purchase power/gas	Increase (decrease)
	Sell power/gas	Decrease (increase)
Implied correlations	Purchase option	Decrease (increase)
	Sell option	Increase (decrease)
Implied volatilities	Purchase option	Increase (decrease)
	Sell option	Decrease (increase)
Customer migration rate	Sell power <sup>(a)</sup>	Decrease (increase)

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(a) Assumes the contract is in a gain position.

In addition, the fair value measurement of interest rate swap liabilities related to the solar projects in Spain of approximately \$119 million at June 30, 2014 includes a significant credit valuation adjustment. The credit valuation adjustment, considered an

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

unobservable input, reflects management's assessment of non-performance risk of the subsidiaries related to the solar projects in Spain that are party to the swap agreements.

The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Three Months Ended June 30,			
	2014		2013	
	NEE	FPL	NEE	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at March 31	\$460	\$3	\$522	\$2
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	(73	) —	13	—
Included in regulatory assets and liabilities	1	1	(3	) (3
Purchases	10	—	21	—
Settlements	38	(1	) (23	) —
Issuances	(75	) —	(30	) —
Transfers in <sup>(b)</sup>	9	—	(114	) —
Transfers out <sup>(b)</sup>	(16	) —	(2	) —
Fair value of net derivatives based on significant unobservable inputs at June 30	\$354	\$3	\$384	\$(1
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	\$(73	) \$—	\$12	\$—

For the three months ended June 30, 2014, realized and unrealized losses of approximately \$49 million are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in (a) interest expense. For the three months ended June 30, 2013, realized and unrealized gains of approximately \$11 million are reflected in the condensed consolidated statements of income in interest expense and the balance is reflected in operating revenues.

Transfers into Level 3 were a result of decreased observability of market data and, in 2013, a significant credit (b) valuation adjustment. Transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

For the three months ended June 30, 2014, unrealized losses of approximately \$49 million are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest (c) expense. For the three months ended June 30, 2013, unrealized gains of approximately \$11 million are reflected in the condensed consolidated statements of income in interest expense and the balance is reflected in operating revenues.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	Six Months Ended June 30,			
	2014		2013	
	NEE	FPL	NEE	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$622	\$—	\$566	\$2
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	(496	) —	10	—
Included in regulatory assets and liabilities	5	5	(2	) (2
Purchases	14	—	70	—
Settlements	304	(2	) (56	) (1
Issuances	(94	) —	(94	) —
Transfers in <sup>(b)</sup>	16	—	(114	) —
Transfers out <sup>(b)</sup>	(17	) —	4	—
Fair value of net derivatives based on significant unobservable inputs at June 30	\$354	\$3	\$384	\$(1
The amount of gains for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	\$(260	) \$—	\$40	\$—

For the six months ended June 30, 2014, realized and unrealized losses of approximately \$453 million are reflected in the condensed consolidated statements of income in operating revenues, \$41 million in interest expense and the balance is reflected in fuel, purchased power and interchange. For the six months ended June 30, 2013, realized and unrealized gains (losses) of approximately \$11 million are reflected in the condensed consolidated statements of income in interest expense, \$1 million in operating revenues and the balance is reflected in fuel, purchased power and interchange.

Transfers into Level 3 were a result of decreased observability of market data and, in 2013, a significant credit valuation adjustment. Transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

For the six months ended June 30, 2014, unrealized losses of approximately \$219 million are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense. For the six months ended June 30, 2013, unrealized gains (losses) of approximately \$32 million are reflected in the condensed consolidated statements of income in operating revenues, \$11 million in interest expense and the balance is reflected in fuel, purchased power and interchange.

Nonrecurring Fair Value Measurements - NEE tests long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In February 2013, the Spanish government enacted a new law that made further changes to the economic framework of renewable energy projects including, among other things, changes that negatively affect the projected economics of the 99.8 MW of solar thermal facilities that affiliates of NEER were constructing in Spain (Spain solar projects) (see Note 10 - Spain Solar Projects). Due to the February 2013 change in law, NEER performed a recoverability analysis, considering, among other things, working with lenders to restructure the financing agreements, abandoning the projects or selling the projects, and concluded that the undiscounted cash flows of the Spain solar projects were less than the carrying value of the projects. Accordingly, NEER performed a fair value analysis based on the income approach to determine the amount of the impairment. Based on the fair value analysis, property, plant and equipment with a carrying amount of approximately \$800 million were written down to their estimated fair value of \$500 million as of March 31, 2013,

resulting in an impairment of \$300 million (which is recorded as a separate line item in NEE's condensed consolidated statements of income for the six months ended June 30, 2013) and other related charges (\$342 million after-tax, see Note 5).

The estimate of the fair value was based on the discounted cash flows which were determined using a market participant view of the Spain solar projects upon completion and final commissioning of the projects. As part of the valuation, NEER used observable inputs where available, including the revised renewable energy pricing under the February 2013 change in law. Significant unobservable inputs (Level 3), including forecasts of generation, estimates of tariff escalation rates and estimated costs of debt and equity capital, were also used in the estimation of fair value. In addition, NEER made certain assumptions regarding the projected capital and maintenance expenditures based on the estimated costs to complete the Spain solar projects and ongoing capital and maintenance expenditures. An increase in the revenue and generation forecasts, a decrease in the projected capital and maintenance expenditures or a decrease in the weighted-average cost of capital each would result in an increased fair market value. Changes in the opposite direction of those unobservable inputs would result in a decreased fair market value. See Note 10 - Spain Solar Projects for a discussion of additional developments that could potentially impact the Spain solar projects.

In March 2013, NEER initiated a plan and received internal authorization to pursue the sale of its ownership interests in Maine fossil. In connection with the decision to sell Maine fossil, a loss of approximately \$67 million (\$43 million after-tax) was originally reflected in net gain from discontinued operations, net of income taxes in NEE's condensed consolidated statements of income for the six months ended June 30, 2013. The fair value measurement (Level 3) was based on the estimated sales price less the estimated costs to sell. The estimated sales price was estimated using an income approach based primarily on capacity revenue

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

forecasts. In March 2014, NEER decided not to pursue the sale of Maine fossil due to the divergence between the achievable sales price and management's view of the assets' value, which increased as a result of significant market changes. Accordingly, the Maine fossil assets were written-up to management's current estimate of fair value resulting in a gain of approximately \$21 million (\$12 million after-tax). The fair value measurement (Level 3) was estimated using an income approach based primarily on the updated capacity revenue forecasts. Based on NEER's decision to retain Maine fossil, the \$67 million loss recorded during the six months ended June 30, 2013 was reclassified from discontinued operations to income from continuing operations and together with the \$21 million gain recorded during the six months ended June 30, 2014 are included as a separate line item in NEE's condensed consolidated statements of income. The carrying amount of the assets and liabilities and the operations of Maine fossil for all periods presented were not material.

Fair Value of Financial Instruments Recorded at the Carrying Amount - The carrying amounts of cash equivalents, short-term debt and commercial paper approximate their fair values. The carrying amounts and estimated fair values of other financial instruments, excluding those recorded at fair value and disclosed above in Recurring Fair Value Measurements, are as follows:

	June 30, 2014		December 31, 2013		
	Carrying Amount (millions)	Estimated Fair Value	Carrying Amount	Estimated Fair Value	
NEE:					
Special use funds <sup>(a)</sup>	\$502	\$502	\$311	\$311	
Other investments - primarily notes receivable	\$522	\$689	<sup>(b)</sup> \$531	\$627	<sup>(b)</sup>
Long-term debt, including current maturities	\$28,328	\$30,448	<sup>(c)</sup> \$27,728	\$28,612	<sup>(c)</sup>
FPL:					
Special use funds <sup>(a)</sup>	\$379	\$379	\$200	\$200	
Long-term debt, including current maturities	\$9,000	\$10,253	<sup>(c)</sup> \$8,829	\$9,451	<sup>(c)</sup>

<sup>(a)</sup> Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis.

Primarily classified as held to maturity. Fair values are primarily estimated using a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower (Level 3). Notes receivable bear interest primarily at fixed rates and mature by 2029. Notes receivable are considered

<sup>(b)</sup> impaired and placed in non-accrual status when it becomes probable that all amounts due cannot be collected in accordance with the contractual terms of the agreement. The assessment to place notes receivable in non-accrual status considers various credit indicators, such as credit ratings and market-related information. As of June 30, 2014 and December 31, 2013, NEE had no notes receivable reported in non-accrual status.

As of June 30, 2014 and December 31, 2013, for NEE, \$19,196 million and \$17,921 million, respectively, is estimated using quoted market prices for the same or similar issues (Level 2); the balance is estimated using a discounted cash flow valuation technique, considering the current credit spread of the debtor (Level 3). For FPL, <sup>(c)</sup> estimated using quoted market prices for the same or similar issues (Level 2).

Special Use Funds - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements) consist of FPL's storm fund assets of approximately \$75 million and NEE's and FPL's nuclear decommissioning fund assets of \$4,959 million and \$3,359 million, respectively, at June 30, 2014. The investments held in the special use funds consist of equity and debt securities which are primarily classified as available for sale

and carried at estimated fair value. The amortized cost of debt and equity securities is \$1,934 million and \$1,333 million, respectively, at June 30, 2014 and \$1,954 million and \$1,384 million, respectively, at December 31, 2013 (\$1,545 million and \$618 million, respectively, at June 30, 2014 and \$1,595 million and \$694 million, respectively, at December 31, 2013 for FPL). For FPL's special use funds, consistent with regulatory treatment, changes in fair value, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NEE's non-rate regulated operations, changes in fair value result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds and included in other - net in NEE's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at June 30, 2014 of approximately seven years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at June 30, 2014 of approximately three years. The cost of securities sold is determined using the specific identification method.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

Realized gains and losses and proceeds from the sale or maturity of available for sale securities are as follows:

	NEE Three Months Ended June 30, 2014		FPL Three Months Ended June 30, 2013		NEE Six Months Ended June 30, 2014		FPL Six Months Ended June 30, 2013	
	2014	2013	2014	2013	2014	2013	2014	2013
	(millions)							
Realized gains	\$71	\$21	\$56	\$8	\$148	\$63	\$88	\$31
Realized losses	\$83	\$13	\$76	\$8	\$105	\$43	\$93	\$30
Proceeds from sale or maturity of securities	\$813	\$858	\$637	\$669	\$2,214	\$1,782	\$1,799	\$1,354

The unrealized gains on available for sale securities are as follows:

	NEE		FPL	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	(millions)			
Equity securities	\$1,200	\$1,125	\$838	\$777
Debt securities	\$64	\$42	\$53	\$36

The unrealized losses on available for sale debt securities and the fair value of available for sale debt securities in an unrealized loss position are as follows:

	NEE		FPL	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	(millions)			
Unrealized losses <sup>(a)</sup>	\$5	\$32	\$4	\$25
Fair value	\$305	\$1,069	\$231	\$844

(a) Unrealized losses on available for sale debt securities for securities in an unrealized loss position for greater than twelve months at June 30, 2014 and December 31, 2013 were not material to NEE or FPL.

Regulations issued by the Federal Energy Regulatory Commission (FERC) and the NRC provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit, among other investments, investments in any securities of NEE or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NEER's nuclear plants are included in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for NEER's Seabrook Station (Seabrook), decommissioning fund contributions and withdrawals are also regulated by the Nuclear Decommissioning Financing Committee pursuant to New Hampshire law.



The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines of NEE and FPL and the rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

#### 5. Income Taxes

NEE's effective income tax rates for the three months ended June 30, 2014 and 2013 were approximately 37% and 26%, respectively. The rates for both periods reflect the benefit of wind production tax credits (PTCs) of approximately \$49 million and \$66 million, respectively, related to NEER's wind projects and deferred income tax benefits associated with grants (convertible investment tax credits (ITCs)) under the American Recovery and Reinvestment Act of 2009, as amended (Recovery Act), of approximately \$10 million and \$21 million, respectively, primarily for certain wind and solar projects expected to be placed in service.

NEE's effective income tax rates for the six months ended June 30, 2014 and 2013 were approximately 33% and 35%, respectively. The rates for both periods reflect the benefit of PTCs of approximately \$98 million and \$125 million, respectively,

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

related to NEER's wind projects and deferred income tax benefits associated with convertible ITCs of approximately \$22 million and \$33 million, respectively, primarily for certain wind and solar projects expected to be placed in service.

In addition, the rates for the three and six months ended June 30, 2014 reflect a noncash income tax charge of approximately \$45 million associated with structuring Canadian assets and for the six months ended June 30, 2013 reflect the establishment of a full valuation allowance during the first quarter of 2013 of approximately \$132 million on the deferred tax assets associated with the Spain solar projects. The valuation allowance primarily related to deferred tax assets created as a result of the \$300 million impairment and other related charges (\$342 million after-tax) recorded during the first quarter of 2013 (see Note 4 - Nonrecurring Fair Value Measurements).

NEE recognizes PTCs as wind energy is generated and sold based on a per kilowatt-hour (kWh) rate prescribed in applicable federal and state statutes, which may differ significantly from amounts computed, on a quarterly basis, using an overall effective income tax rate anticipated for the full year. NEE uses this method of recognizing PTCs for specific reasons, including that PTCs are an integral part of the financial viability of most wind projects and a fundamental component of such wind projects' results of operations. PTCs, as well as deferred income tax benefits associated with convertible ITCs, can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs after ten years of production (PTC roll off).

#### 6. Discontinued Operations

In March 2013, a subsidiary of NEER completed the sale of its ownership interest in a portfolio of hydropower generation plants and related assets (hydro sale) with a total generating capacity of 351 MW located in Maine and New Hampshire. The sales price primarily included the assumption by the buyer of \$700 million in related debt. In connection with the sale, a gain of approximately \$372 million (\$231 million after-tax) is reflected in gain from discontinued operations, net of income taxes in NEE's condensed consolidated statements of income for the six months ended June 30, 2013. The operations of the hydropower generation plants, exclusive of the gain, were not material to NEE's condensed consolidated statements of income for the six months ended June 30, 2013.

See Note 4 - Nonrecurring Fair Value Measurements for a discussion of the decision not to pursue the sale of Maine fossil and the related financial statement impacts.

#### 7. Variable Interest Entities (VIEs)

As of June 30, 2014, NEE has fourteen VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

FPL - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the FPSC. FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance

of the 2004 storm restoration costs, the 2005 storm restoration costs and to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately \$644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and are secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately \$297 million and \$324 million at June 30, 2014 and December 31, 2013, respectively, and consisted primarily of storm-recovery property, which are included in securitized storm-recovery costs on NEE's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately \$365 million and \$394 million at June 30, 2014 and December 31, 2013, respectively, and consisted primarily of storm-recovery bonds, which are included in long-term debt on NEE's and FPL's condensed consolidated balance sheets.

FPL identified a potential VIE, which is considered a qualifying facility as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires utilities, such as FPL, to purchase the electricity output of a qualifying facility. FPL entered into a purchased power agreement effective in 1994 with this 250 MW coal-fired qualifying facility to purchase substantially all of the facility's capacity and electrical output over a substantial portion of its estimated useful life. FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per MWh (energy payment). After making exhaustive efforts, FPL was unable to obtain the information from the facility necessary to determine whether the facility is a VIE

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

or whether FPL is the primary beneficiary of the facility. The purchased power agreement with the facility contains no provision which legally obligates the facility to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are recovered through the fuel clause as approved by the FPSC. Notwithstanding the fact that FPL's energy payments are recovered through the fuel clause, if the facility was determined to be a VIE, the absorption of some of the facility's fuel price variability might cause FPL to be considered the primary beneficiary. During the three months ended June 30, 2014 and 2013, FPL purchased 246,544 MWh and 202,661 MWh, respectively, from the facility at a total cost of approximately \$40 million and \$38 million, respectively. During the six months ended June 30, 2014 and 2013, FPL purchased 375,484 MWh and 281,871 MWh, respectively, from the facility at a total cost of approximately \$76 million and \$73 million, respectively.

Additionally, FPL entered into a purchased power agreement effective in 1995 with a 330 MW coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the energy payment. Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are recovered through the fuel clause as approved by the FPSC.

NEER - NEE consolidates thirteen NEER VIEs. NEER is considered the primary beneficiary of these VIEs since NEER controls the most significant activities of these VIEs, including operations and maintenance, and through its 100% equity ownership has the obligation to absorb expected losses of these VIEs.

A NEER VIE consolidates two entities which own and operate natural gas/oil electric generating facilities with the capability of producing 110 MW. This VIE sells its electric output under power sales contracts to a third party, with expiration dates in 2018 and 2020. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. This VIE uses third-party debt and equity to finance its operations. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of the VIE were approximately \$87 million and \$61 million, respectively, at June 30, 2014 and \$85 million and \$63 million, respectively, at December 31, 2013, and consisted primarily of property, plant and equipment and long-term debt.

The other twelve NEER VIEs consolidate several entities which own and operate wind electric generating facilities with the capability of producing a total of 3,541 MW. Ten of these VIEs sell their electric output under power sales contracts to third parties with expiration dates ranging from 2018 through 2038; the other two VIEs sell their electric output in the spot market. The VIEs use third-party debt and/or equity to finance their operations. Certain investors that hold no equity interest in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities or by pledges of NEER's ownership interest in these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of these VIEs totaled approximately \$5.2 billion and \$3.1 billion, respectively, at June 30, 2014 and \$5.3 billion and \$3.3 billion, respectively, at December 31, 2013. At June 30, 2014 and December 31, 2013, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

Other - As of June 30, 2014 and December 31, 2013, several NEE subsidiaries have investments totaling approximately \$603 million (\$491 million at FPL) and \$668 million (\$505 million at FPL), respectively, in certain special purpose entities, which consisted primarily of investments in mortgage-backed securities. These investments are included in special use funds and other investments on NEE's condensed consolidated balance sheets and in special use funds on FPL's condensed consolidated balance sheets. As of June 30, 2014, NEE subsidiaries are not the primary beneficiary and therefore do not consolidate any of these entities because they do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

## 8. Common Shareholders' Equity

Earnings Per Share - The reconciliation of NEE's basic and diluted earnings per share of common stock from continuing operations is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2014	2013	June 30, 2014	2013
	(millions, except per share amounts)			
Numerator - income from continuing operations	\$492	\$610	\$921	\$652
Denominator:				
Weighted-average number of common shares outstanding - basic	434.1	421.8	433.8	421.4
Equity units, performance share awards, options, forward sale agreement and restricted stock <sup>(a)</sup>	6.0	3.0	5.5	2.9
Weighted-average number of common shares outstanding - assuming dilution	440.1	424.8	439.3	424.3
Earnings per share of common stock from continuing operations:				
Basic	\$1.13	\$1.45	\$2.12	\$1.54
Assuming dilution	\$1.12	\$1.44	\$2.10	\$1.54

Calculated using the treasury stock method. Performance share awards are included in diluted weighted-average (a) number of common shares outstanding based upon what would be issued if the end of the reporting period was the end of the term of the award.

Common shares issuable pursuant to stock options and performance shares awards and restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 0.2 million and 0.3 million for the three months ended June 30, 2014 and 2013, respectively, and 0.2 million and 0.3 million for the six months ended June 30, 2014 and 2013, respectively.

Accumulated Other Comprehensive Income (Loss) - The components of AOCI, net of tax, are as follows:

	Accumulated Other Comprehensive Income (Loss)						Total
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee		
	(millions)						
Three Months Ended June 30, 2014							
Balances, March 31, 2014	\$ (124 )	\$ 185	\$ 28	\$ (50 )	\$ (18 )		\$ 21
	(7 )	40	—	17	(3 )		47

Other comprehensive income (loss) before reclassifications															
Amounts reclassified from AOCI	(4	) <sup>(a)</sup>	(5	) <sup>(b)</sup>	—	—	(9	)							
Net other comprehensive income (loss)	(11	)	35		—	17	(3	)	38						
Balances, June 30, 2014	\$	(135	)	\$	220	\$	28	\$	(33	)	\$	(21	)	\$	59

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 3 (a) - Income Statement Impact of Derivative Instruments.

(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	Accumulated Other Comprehensive Income (Loss)						Total
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee		
Three Months Ended June 30, 2013							
Balances, March 31, 2013	\$(180 )	\$130	\$(67 )	\$3	\$ (22 )		\$(136 )
Other comprehensive income (loss) before reclassifications	36	2	—	(23 )	5		20
Amounts reclassified from AOCI	18	(a) (4 )	(b) —	—	—		14
Net other comprehensive income (loss)	54	(2 )	—	(23 )	5		34
Balances, June 30, 2013	\$(126 )	\$128	\$(67 )	\$(20 )	\$ (17 )		\$(102 )

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 3 - Income Statement Impact of Derivative Instruments.

(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

	Accumulated Other Comprehensive Income (Loss)						Total
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee		
Six Months Ended June 30, 2014							
Balances, December 31, 2013	\$(115 )	\$197	\$23	\$(33 )	\$ (16 )		\$56
Other comprehensive income (loss) before reclassifications	(25 )	53	4	—	(5 )		27
Amounts reclassified from AOCI	5	(a) (30 )	(b) 1	—	—		(24 )
Net other comprehensive income (loss)	(20 )	23	5	—	(5 )		3
Balances, June 30, 2014	\$(135 )	\$220	\$28	\$(33 )	\$ (21 )		\$59

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 3 - Income Statement Impact of Derivative Instruments.



(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges (millions)	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
Six Months Ended June 30, 2013						
Balances, December 31, 2012	\$ (266 )	\$ 96	\$ (74 )	\$ 12	\$ (23 )	\$ (255 )
Other comprehensive income (loss) before reclassifications	101	42	6	(32 )	6	123
Amounts reclassified from AOCI	39	(a) (10 )	(b) 1	—	—	30
Net other comprehensive income (loss)	140	32	7	(32 )	6	153
Balances, June 30, 2013	\$ (126 )	\$ 128	\$ (67 )	\$ (20 )	\$ (17 )	\$ (102 )

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 3 - Income Statement Impact of Derivative Instruments.

(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

## 9. Debt

Significant long-term debt issuances and borrowings by subsidiaries of NEE during the six months ended June 30, 2014 were as follows:

Date Issued	Company	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)	Maturity Date
January - June 2014	NEER subsidiary	Canadian revolving credit agreements	Variable (a)	\$492	Various
January 2014	NEER subsidiary	Senior secured limited-recourse term loan	Variable (a)	\$44	2019
March 2014	NEECH	Debentures	2.700 % <sup>(b)</sup>	\$350	2019
May 2014	FPL	First mortgage bonds	3.25 %	\$500	2024
June 2014	NEECH	Debentures	2.40 % <sup>(b)</sup>	\$350	2019
June 2014	NEER subsidiary	Senior secured limited-recourse notes	5.60 %	\$280	2038
June 2014	NEER subsidiary	Canadian senior secured limited-recourse term loan	Variable (a)(b)	\$157	2032
June 2014	NEECH	Japanese yen denominated term loan	Variable (a)(b)(c)	\$540	2017

(a) Variable rate is based on an underlying index plus a margin.

(b) Interest rate swap agreements have been entered into with respect to these issuances. See Note 3.

(c) Cross currency basis swap agreements were entered into with respect to both interest and principal payments on this loan.

In July 2014, Lone Star Transmission, LLC (Lone Star), an indirect wholly-owned subsidiary of NEECH, issued \$360 million in aggregate principal amount of senior secured notes with interest rates ranging from 2.45% to 4.42%. The maturity dates of the notes range from 2021 to 2044.

In July 2014, an indirect wholly-owned subsidiary of NEECH, which conducts a portion of the fiber-optic telecommunications business, entered into and borrowed \$400 million under a variable rate senior secured limited-recourse term loan agreement maturing in 2019. An interest rate swap agreement was entered into with respect to this borrowing.

## 10. Commitments and Contingencies

Commitments - NEE and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities and the procurement of nuclear fuel. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects and the procurement of nuclear fuel. Capital expenditures for Corporate and Other primarily include the cost for construction of a natural gas pipeline system for new natural gas transportation infrastructure in Florida, as well as the cost to meet customer-specific requirements and maintain the fiber-optic network for the fiber-optic telecommunications business (FPL FiberNet) and the cost to maintain existing transmission facilities at NextEra Energy Transmission, LLC

(NEET).

31

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

At June 30, 2014, estimated capital expenditures for the remainder of 2014 through 2018 were as follows:

	Remainder of 2014 (millions)	2015	2016	2017	2018	Total
<b>FPL:</b>						
<b>Generation:<sup>(a)</sup></b>						
New <sup>(b)(c)</sup>	\$ 330	\$ 275	\$ 90	\$ —	\$ —	\$ 695
Existing	410	670	615	580	545	2,820
Transmission and distribution	750	1,205	1,125	955	1,025	5,060
Nuclear fuel	75	205	220	190	180	870
General and other	115	155	120	165	160	715
Total <sup>(d)</sup>	\$ 1,680	\$ 2,510	\$ 2,170	\$ 1,890	\$ 1,910	\$ 10,160
<b>NEER:</b>						
Wind <sup>(e)</sup>	\$ 1,005	\$ 705	\$ 70	\$ 5	\$ 10	\$ 1,795
Solar <sup>(f)</sup>	365	850	405	—	—	1,620
Nuclear <sup>(g)</sup>	190	285	305	245	255	1,280
Other <sup>(h)</sup>	250	110	75	45	80	560
Total	\$ 1,810	\$ 1,950	\$ 855	\$ 295	\$ 345	\$ 5,255
Corporate and Other <sup>(i)</sup>	\$ 150	\$ 470	\$ 785	\$ 200	\$ 95	\$ 1,700

(a) Includes allowance for funds used during construction (AFUDC) of approximately \$21 million, \$53 million and \$17 million for the remainder of 2014 through 2016, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Consists of projects that have received FPSC approval. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

(d) FPL has identified \$1.5 billion to \$2.5 billion in potential incremental capital expenditures through 2016 in addition to what is included in the table above.

(e) Consists of capital expenditures for new wind projects and related transmission totaling approximately 1,910 MW, including approximately 465 MW in Canada, that have received applicable internal approvals. NEER expects to add new U.S. wind generation of 2,000 MW to 2,500 MW in 2013 through 2015, including 325 MW added to date, at a total cost of up to \$3.5 billion to \$4.5 billion.

(f) Consists of capital expenditures for new solar projects and related transmission totaling approximately 587 MW that have received applicable internal approvals, including equity contributions associated with a 50% equity investment in a 550 MW solar project. Excludes solar projects requiring internal approvals with generation totaling 47 MW with an estimated cost of approximately \$120 million.

(g) Includes nuclear fuel.

(h) Consists of capital expenditures that have received applicable internal approvals.

(i) Includes capital expenditures totaling approximately \$1.4 billion for the remainder of 2014 through 2018 for construction of a natural gas pipeline system that has received applicable internal approvals, including approximately \$855 million of equity contributions associated with a 33% equity investment in the northern portion of the natural gas pipeline system and \$520 million for the southern portion, which includes AFUDC of approximately \$1 million, \$7 million, \$20 million and \$11 million for the remainder of 2014 through 2017, respectively. Construction of the natural gas pipeline system is subject to certain conditions, including FERC

approval. A FERC decision is expected in 2015. See Contracts below.

The above estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates.

Contracts - In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has commitments under long-term purchased power and fuel contracts. As of June 30, 2014, FPL is obligated under take-or-pay purchased power contracts with JEA and with subsidiaries of The Southern Company (Southern subsidiaries) to pay for approximately 1,330 MW annually through 2015 and 375 MW annually thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 705 MW from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2024 through 2034. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has contracts with expiration dates through 2036 for the purchase and transportation of natural gas and coal, and storage of natural gas. In addition, FPL has entered into 25-year natural gas transportation agreements with each of Sabal Trail Transmission, LLC (Sabal Trail, an entity in which a NEECH subsidiary has a 33% ownership interest), and Florida Southeast Connection, LLC (Florida Southeast Connection, a wholly-owned NEECH subsidiary), each of which will build, own and operate a pipeline that will be part of a natural gas pipeline system, for a quantity of 400,000 MMBtu/day beginning on May 1, 2017 and increasing to 600,000 MMBtu/day on May 1, 2020. These agreements contain firm commitments that are contingent upon the occurrence of certain events, including FERC approval and completion of construction of the pipeline system to be built by Sabal Trail and Florida Southeast Connection. See Commitments above.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

As of June 30, 2014, NEER has entered into contracts with expiration dates ranging from August 2014 through 2030 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel. Approximately \$3.0 billion of commitments under such contracts are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from August 2014 through 2033.

Included in Corporate and Other in the table below is the remaining commitment by a NEECH subsidiary to invest over \$900 million in Sabal Trail for the construction of the northern portion of the natural gas pipeline system. Amounts committed for the remainder of 2014 through 2018 are also included in the estimated capital expenditures table in Commitments above.

The required capacity and/or minimum payments under the contracts discussed above as of June 30, 2014 were estimated as follows:

	Remainder of 2014 (millions)	2015	2016	2017	2018	Thereafter
FPL:						
Capacity charges: <sup>(a)</sup>						
Qualifying facilities	\$ 140	\$ 290	\$ 250	\$ 255	\$ 260	\$ 1,965
JEA and Southern subsidiaries	\$ 110	\$ 195	\$ 70	\$ 50	\$ 10	\$ 5
Minimum charges, at projected prices: <sup>(b)</sup>						
Natural gas, including transportation and storage <sup>(c)</sup>	\$ 995	\$ 1,045	\$ 685	\$ 745	\$ 825	\$ 14,520
Coal	\$ 35	\$ 40	\$ 20	\$ —	\$ —	\$ —
NEER	\$ 1,430	\$ 1,085	\$ 480	\$ 115	\$ 120	\$ 475
Corporate and Other <sup>(d)(e)</sup>	\$ 95	\$ 250	\$ 510	\$ 50	\$ 25	\$ 70

Capacity charges under these contracts, substantially all of which are recoverable through the capacity cost recovery clause, totaled approximately \$123 million and \$119 million for the three months ended June 30, 2014 and 2013, respectively, and approximately \$246 million and \$244 million for the six months ended June 30, 2014 and 2013, respectively. Energy charges under these contracts, which are recoverable through the fuel clause, totaled approximately \$75 million and \$86 million for the three months ended June 30, 2014 and 2013, respectively, and approximately \$132 million and \$109 million for the six months ended June 30, 2014 and 2013, respectively.

(b) Recoverable through the fuel clause.

Includes approximately \$200 million, \$295 million and \$8,535 million in 2017, 2018 and thereafter, respectively, (c) of firm commitments, subject to certain conditions as noted above, related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection.

Includes an approximately \$50 million commitment to invest in clean power and technology businesses through (d) 2021.

Excludes approximately \$195 million and \$200 million in 2014 and 2015, respectively, of joint obligations of (e) NEECH and NEER which are included in the NEER amounts above.

Insurance - Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$13.2 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to \$1.0 billion (\$509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed \$152 million (\$76 million for FPL) per incident per year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates \$15 million, \$38 million and \$19 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides \$2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of \$1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to \$175 million (\$106 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates \$2 million, \$5 million and \$4 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NEE does not have property insurance coverage for

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

a substantial portion of its transmission and distribution property and has no property insurance coverage for FPL FiberNet's fiber-optic cable. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers in the case of FPL or Lone Star, would be borne by NEE and/or FPL and/or their affiliates, as the case may be, and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

Spain Solar Projects - In March 2013 and May 2013, events of default occurred under the project-level financing agreements for the Spain solar projects (project-level financing) as a result of changes of law that occurred in December 2012 and February 2013. These changes of law negatively affected the projected economics of the projects and caused the project-level financing to be unsupported by expected future project cash flows. Under the project-level financing, events of default provide for, among other things, a right by the lenders (which they did not exercise) to accelerate the payment of the project-level debt. Accordingly, in 2013, the project-level debt and the associated derivative liabilities related to interest rate swaps were classified as current maturities of long-term debt and current derivative liabilities, respectively, on NEE's condensed consolidated balance sheets, and totaled \$751 million and \$119 million, respectively, as of June 30, 2014. In July 2013, the Spanish government published a new law that created a new economic framework for the Spanish renewable energy sector. Additional regulatory pronouncements from the Spanish government needed to complete and implement the framework were finalized in June 2014. Based on NEE's initial assessment, the regulatory pronouncements do not indicate a further impairment of the Spain solar projects or a material change to the tariff revenues recorded since July 2013.

As part of a settlement agreement reached on December 20, 2013 between NEECH, NextEra Energy España, S.L. (NEE España), which is the NEER subsidiary in Spain that is the direct shareholder of the project-level subsidiaries, the project-level subsidiaries and the lenders, the future recourse of the lenders under the project-level financing is effectively limited to the letters of credit described below and to the assets of NEE España and the project-level subsidiaries. Under the settlement agreement, the lenders, among other things, irrevocably waived events of default related to changes of law described above, and NEECH affiliates provided for the project-level subsidiaries to post approximately €37 million (approximately \$50 million as of June 30, 2014) in letters of credit to fund operating and debt service reserves under the project-level financing and €10 million (approximately \$14 million as of June 30, 2014) in a letter of credit to provide support for a performance guarantee under the project-level financing. NEE España, the project-level subsidiaries and the lenders will continue to seek to restructure the project-level financing; however, there can be no assurance that the project-level financing will be successfully restructured or that future events of default under the project-level financing will not occur.

Legal Proceedings - In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns an interest of approximately 76%, without obtaining a PSD permit, without complying with NSPS requirements, and without applying best available control technology for nitrogen oxides, sulfur dioxides and particulate matter as required by



the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties. Under the EPA's civil penalty rules, the EPA could assess up to \$25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, up to \$27,500 per day for each violation from January 31, 1997 through March 15, 2004, up to \$32,500 per day for each violation from March 16, 2004 through January 12, 2009 and up to \$37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the U.S. Supreme Court's decision.

In 1995 and 1996, NEE, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately \$35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for \$149,213,130 in cash. In June 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against NEE and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest from January 29, 1999. NEE filed an answer to the complaint. NEE believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from NEE, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the stock repurchase, or (iii) the stock repurchase left Adelphia with unreasonably small capital. The trial was completed in May 2012 and closing arguments were heard in July 2012. On May 6, 2014, the U.S. Bankruptcy Court, Southern District of New York, issued its decision after trial, finding, among other things, that Adelphia was not insolvent, or rendered insolvent, at the time of the stock repurchase. The bankruptcy court further ruled that Adelphia was not left with inadequate capital or equitably insolvent at the time of the stock repurchase. The decision after trial represents proposed findings of fact and conclusions of law which are subject to de novo review by the U.S. District Court for the Southern District of New York. Adelphia filed its objections to the decision on June 10, 2014 and NEE filed its response to those objections on July 15, 2014. The issuance of a final order by the district court is pending.

NEE and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, NEE and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions and claims in the ordinary course of their businesses. Generating plants in which subsidiaries of NEE, including FPL, have an ownership interest are also involved in legal and regulatory proceedings, actions and claims, the liabilities from which, if any, would be shared by such subsidiary. In the event that NEE and FPL, or their affiliates, do not prevail in the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of NEE or FPL.

## 11. Segment Information

NEE's reportable segments are FPL, a rate-regulated electric utility, and NEER, a competitive energy business. NEER's segment information includes an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. NEE's segment information is as follows:

	Three Months Ended June 30, 2014				2013			
	FPL	NEER <sup>(a)</sup>	Corporate and Other	Corporate NEE and Consoli- dated (millions)	FPL	NEER <sup>(a)</sup>	Corporate NEE and Other	Consoli- dated
Operating revenues	\$2,889	\$1,036	\$104	\$4,029	\$2,696	\$1,046	\$91	\$3,833
Operating expenses	\$2,107	\$896	\$75	\$3,078	\$1,972	\$806	\$74	\$2,852
Net income (loss)	\$423	\$81	<sup>(b)</sup> \$(12)	\$492	\$391	\$229	<sup>(b)</sup> \$(10)	\$610



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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	Six Months Ended June 30, 2014				2013			
	FPL	NEER <sup>(a)</sup>	Corporate and Other	Corporate NEE and Consoli- dated (millions)	FPL	NEER <sup>(a)</sup>	Corporate NEE and Other	Corporate NEE and Consoli- dated
Operating revenues	\$5,424	\$2,069	\$210	\$7,703	\$4,885	\$2,062	\$165	\$7,112
Operating expenses	\$4,010	\$1,846	\$157	\$6,013	\$3,618	\$1,955 <sup>(c)</sup>	\$124	\$5,697
Income (loss) from continuing operations <sup>(d)</sup>	\$770	\$167	<sup>(b)</sup> \$(16 )	\$921	\$679	<sup>(b)</sup> \$(27 )	\$—	\$652
Gain from discontinued operations, net of income taxes <sup>(d)(e)</sup>	\$—	\$—	\$—	\$—	\$—	\$216	\$15	\$231
Net income (loss)	\$770	\$167	<sup>(b)</sup> \$(16 )	\$921	\$679	\$189 <sup>(b)</sup>	\$15	\$883

Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt. For this purpose, the (a) deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual non-utility interest expense is included in Corporate and Other.

Includes NEER's tax benefits related to PTCs and for the six months ended June 30, 2013 also includes after-tax (b) charges of \$342 million associated with the impairment of the Spain solar projects. See Note 4 - Nonrecurring Fair Value Measurements and Note 5.

(c) Includes an impairment charge on NEER's Spain solar projects of \$300 million. See Note 4 - Nonrecurring Fair Value Measurements.

(d) Prior year amounts were restated to conform to current year's presentation. See Note 4 - Nonrecurring Fair Value Measurements.

(e) See Note 6.

	June 30, 2014				December 31, 2013			
	FPL	NEER	Corporate and Other	NEE Consoli- dated (millions)	FPL	NEER	Corporate and Other	NEE Consoli- dated
Total assets	\$37,882	\$30,952	\$2,756	\$71,590	\$36,488	\$30,154	\$2,664	\$69,306

12. Summarized Financial Information of NEECH

NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL. Most of NEECH's debt, including its debentures, and payment guarantees are fully and unconditionally guaranteed by NEE. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended June 30, 2014			NEE Consoli- dated	2013			NEE Consoli- dated
	NEE (Guarantor)	NEECH	Other <sup>(a)</sup>		NEE (Guarantor)	NEECH	Other <sup>(a)</sup>	

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	(millions)							
Operating revenues	\$—	\$1,143	\$2,886	\$4,029	\$—	\$1,140	\$2,693	\$3,833
Operating expenses	(4	) (969	) (2,105	) (3,078	) (4	) (878	) (1,970	) (2,852
Interest expense	(2	) (194	) (109	) (305	) (2	) (161	) (103	) (266
Equity in earnings of subsidiaries	507	—	(507	) —	623	—	(623	) —
Other income (deductions) - net	1	130	7	138	(1	) 94	13	106
Income before income taxes	502	110	172	784	616	195	10	821
Income tax expense (benefit)	10	26	256	292	6	(36	) 241	211
Net income (loss)	\$492	\$84	\$(84	) \$492	\$610	\$231	\$(231	) \$610

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

	Six Months Ended June 30, 2014			NEE Consoli- dated (millions)	2013 <sup>(b)</sup>			NEE Consoli- dated
	NEE (Guarantor)	NEECH	Other <sup>(a)</sup>		NEE (Guarantor)	NEECH	Other <sup>(a)</sup>	
Operating revenues	\$—	\$2,286	\$5,417	\$7,703	\$—	\$2,234	\$4,878	\$7,112
Operating expenses	(8 )	(2,001 )	(4,004 )	(6,013 )	(7 )	(2,078 )	(3,612 )	(5,697 )
Interest expense	(3 )	(410 )	(211 )	(624 )	(5 )	(331 )	(201 )	(537 )
Equity in earnings of subsidiaries	942	—	(942 )	—	872	—	(872 )	—
Other income (deductions) - net	—	278	21	299	1	100	28	129
Income (loss) from continuing operations before income taxes	931	153	281	1,365	861	(75 )	221	1,007
Income tax expense (benefit)	10	(19 )	453	444	(7 )	(52 )	414	355
Income (loss) from continuing operations	921	172	(172 )	921	868	(23 )	(193 )	652
Gain from discontinued operations, net of income taxes	—	—	—	—	15	216	—	231
Net income (loss)	\$921	\$172	\$(172 )	\$921	\$883	\$193	\$(193 )	\$883

(a) Represents FPL and consolidating adjustments.

(b) Certain amounts were restated to conform to current year's presentation. See Note 4 - Nonrecurring Fair Value Measurements.

Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended June 30, 2014			NEE Consoli- dated (millions)	2013			NEE Consoli- dated
	NEE (Guarantor)	NEECH	Other <sup>(a)</sup>		NEE (Guarantor)	NEECH	Other <sup>(a)</sup>	
Comprehensive income (loss)	\$530	\$122	\$(122 )	\$530	\$644	\$265	\$(265 )	\$644

  

	Six Months Ended June 30, 2014			NEE Consoli- dated (millions)	2013			NEE Consoli- dated
	NEE (Guarantor)	NEECH	Other <sup>(a)</sup>		NEE (Guarantor)	NEECH	Other <sup>(a)</sup>	

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Comprehensive income (loss)	\$924	\$170	\$(170 )	\$924	\$1,036	\$339	\$(339 )	\$1,036
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(a) Represents FPL and consolidating adjustments.

37

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
 (unaudited)

Condensed Consolidating Balance Sheets

	June 30, 2014			NEE Consoli- dated (millions)	December 31, 2013			NEE Consoli- dated
	NEE (Guaran- tor)	NEECH	Other <sup>(a)</sup>		NEE (Guaran- tor)	NEECH	Other <sup>(a)</sup>	
<b>PROPERTY, PLANT AND EQUIPMENT</b>								
Electric plant in service and other property	\$32	\$30,299	\$41,102	\$71,433	\$31	\$29,511	\$39,906	\$69,448
Less accumulated depreciation and amortization	(12)	(6,164)	(11,226)	(17,402)	(10)	(5,774)	(10,944)	(16,728)
Total property, plant and equipment - net	20	24,135	29,876	54,031	21	23,737	28,962	52,720
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	19	545	58	622	—	418	20	438
Receivables	233	1,623	436	2,292	78	1,542	669	2,289
Other	60	1,854	1,271	3,185	6	1,814	1,295	3,115
Total current assets	312	4,022	1,765	6,099	84	3,774	1,984	5,842
<b>OTHER ASSETS</b>								
Investment in subsidiaries	18,253	—	(18,253)	—	17,910	—	(17,910)	—
Other	750	5,509	5,201	11,460	694	5,129	4,921	10,744
Total other assets	19,003	5,509	(13,052)	11,460	18,604	5,129	(12,989)	10,744
<b>TOTAL ASSETS</b>	<b>\$19,335</b>	<b>\$33,666</b>	<b>\$18,589</b>	<b>\$71,590</b>	<b>\$18,709</b>	<b>\$32,640</b>	<b>\$17,957</b>	<b>\$69,306</b>
<b>CAPITALIZATION</b>								
Common shareholders' equity	\$18,429	\$4,800	\$(4,800)	\$18,429	\$18,040	\$4,816	\$(4,816)	\$18,040
Long-term debt	—	16,107	8,942	25,049	—	15,496	8,473	23,969
Total capitalization	18,429	20,907	4,142	43,478	18,040	20,312	3,657	42,009
<b>CURRENT LIABILITIES</b>								
Debt due within one year	—	4,392	509	4,901	—	3,896	561	4,457
Accounts payable	1	731	743	1,475	—	589	611	1,200
Other	417	1,937	960	3,314	199	2,203	1,130	3,532
Total current liabilities	418	7,060	2,212	9,690	199	6,688	2,302	9,189
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>								
Asset retirement obligations	—	586	1,319	1,905	—	565	1,285	1,850
Deferred income taxes	234	1,822	6,171	8,227	166	1,963	6,015	8,144
Other	254	3,291	4,745	8,290	304	3,112	4,698	8,114
Total other liabilities and deferred credits	488	5,699	12,235	18,422	470	5,640	11,998	18,108
<b>COMMITMENTS AND CONTINGENCIES</b>								
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$19,335</b>	<b>\$33,666</b>	<b>\$18,589</b>	<b>\$71,590</b>	<b>\$18,709</b>	<b>\$32,640</b>	<b>\$17,957</b>	<b>\$69,306</b>



(a) Represents FPL and consolidating adjustments.

38

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Concluded)  
 (unaudited)

## Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 30, 2014			NEE Consoli- dated (millions)	2013			NEE Consoli- dated
	NEE (Guaran- tor)	NEECH	Other <sup>(a)</sup>		NEE (Guaran- tor)	NEECH	Other <sup>(a)</sup>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$754	\$659	\$1,035	\$2,448	\$598	\$657	\$995	\$2,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Capital expenditures, independent power and other investments and nuclear fuel purchases	—	(1,562 )	(1,677 )	(3,239 )	—	(1,647 )	(1,507 )	(3,154 )
Capital contribution to FPL	(100 )	—	100	—	—	—	—	—
Cash grants under the Recovery Act	—	306	—	306	—	170	—	170
Sale of independent power investments	—	273	—	273	—	—	—	—
Change in loan proceeds restricted for construction	—	(366 )	—	(366 )	—	207	—	207
Other - net	7	(49 )	(37 )	(79 )	—	26	(34 )	(8 )
Net cash used in investing activities	(93 )	(1,398 )	(1,614 )	(3,105 )	—	(1,244 )	(1,541 )	(2,785 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Issuances of long-term debt	—	2,229	500	2,729	—	2,364	498	2,862
Retirements of long-term debt	—	(1,946 )	(329 )	(2,275 )	—	(998 )	(427 )	(1,425 )
Proceeds from sale of differential membership interests	—	39	—	39	—	201	—	201
Net change in short-term debt	—	678	247	925	—	(611 )	241	(370 )
	(630 )	—	—	(630 )	(557 )	—	—	(557 )

Dividends on common stock								
Other - net	(12 )	(134 )	199	53	(43 )	(275 )	224	(94 )
Net cash provided by (used in) financing activities	(642 )	866	617	841	(600 )	681	536	617
Net increase (decrease) in cash and cash equivalents	19	127	38	184	(2 )	94	(10 )	82
Cash and cash equivalents at beginning of period	—	418	20	438	2	287	40	329
Cash and cash equivalents at end of period	\$19	\$545	\$58	\$622	\$—	\$381	\$30	\$411

(a) Represents FPL and consolidating adjustments.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

## OVERVIEW

NEE's operating performance is driven primarily by the operations of its two principal subsidiaries, FPL, which serves approximately 4.7 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the U.S., and NEER, which together with affiliated entities is the largest generator in North America of renewable energy from the wind and sun. The table below presents NEE's net income (loss) and earnings (loss) per share by reportable segment - FPL, NEER and Corporate and Other, which is primarily comprised of the operating results of NEET, FPL FiberNet and other business activities, as well as other income and expense items, including interest expense, income taxes and eliminating entries (see Note 11 for additional segment information, including reported results from continuing operations). The following discussions should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) appearing in the 2013 Form 10-K. The results of operations for an interim period generally will not give a true indication of results for the year. In the following discussions, all comparisons are with the corresponding items in the prior year period.

	Net Income (Loss)		Earnings (Loss)		Net Income (Loss)		Earnings (Loss)	
			Per Share, assuming dilution				Per Share, assuming dilution	
	Three Months Ended June 30, 2014	2013	Three Months Ended June 30, 2014	2013	Six Months Ended June 30, 2014	2013	Six Months Ended June 30, 2014	2013
	(millions)				(millions)			
FPL	\$423	\$391	\$0.96	\$0.92	\$770	\$679	\$1.75	\$1.60
NEER <sup>(a)</sup>	81	229	0.18	0.54	167	189	0.38	0.45
Corporate and Other	(12 )	(10 )	(0.02 )	(0.02 )	(16 )	15	(0.03 )	0.03
NEE	\$492	\$610	\$1.12	\$1.44	\$921	\$883	\$2.10	\$2.08

(a) NEER's results reflect an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs.

NEE, through NEER, formed NEP to own, operate and acquire contracted clean energy projects with stable, long-term cash flows through a limited partner interest in NEP OpCo. On July 1, 2014, NEP closed its initial public offering as further described in Note 1 - Basis of Presentation.

## Adjusted Earnings

NEE prepares its financial statements under generally accepted accounting principles in the U.S. (GAAP). However, management uses earnings excluding certain items (adjusted earnings), a non-GAAP financial measure, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as an input in determining performance-based compensation under NEE's employee incentive compensation plans. NEE also uses adjusted earnings when communicating its financial results and earnings outlook to investors. NEE's management believes adjusted earnings provides a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under

GAAP.

Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges (as described below) and other than temporary impairment (OTTI) losses on securities held in NEER's nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). However, other adjustments may be made from time to time with the intent to provide more meaningful and comparable results of ongoing operations.

NEE and NEER segregate into two categories unrealized mark-to-market gains and losses on derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative transactions, and, beginning in the second quarter of 2013 certain interest rate derivative transactions, entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. The

40

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second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

During the six months ended June 30, 2013, an after-tax gain from discontinued operations of \$231 million was recorded in NEE's condensed consolidated statements of income related to the March 2013 hydro sale. See Note 6. In addition, during the six months ended June 30, 2013, NEER recorded an after-tax loss of \$43 million associated with the decision to pursue the sale of Maine fossil. During the six months ended June 30, 2014, NEER decided not to pursue the sale of Maine fossil and recorded an after-tax gain of \$12 million to increase Maine fossil's carrying value to its estimated fair value. See Note 4 - Nonrecurring Fair Value Measurements. During the six months ended June 30, 2013, NEER recorded an impairment of \$300 million and other related charges (\$342 million after-tax) related to the Spain solar projects in NEE's condensed consolidated statements of income. See Note 4 - Nonrecurring Fair Value Measurements and Note 10 - Spain Solar Projects. In order to make period to period comparisons more meaningful, adjusted earnings also exclude the after-tax gain from discontinued operations, the after-tax gain (loss) associated with Maine fossil, the after-tax charges associated with the impairment of the Spain solar projects and, in 2014, the after-tax operating results associated with the Spain solar projects.

The following table provides details of the adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Three Months Ended June 30, 2014		Six Months Ended June 30, 2013	
	2014	2013	2014	2013
	(millions)			
Net unrealized mark-to-market after-tax losses from non-qualifying hedge activity <sup>(a)</sup>	\$ (146 )	\$ (9 )	\$ (273 )	\$ (61 )
Income (loss) from OTTI after-tax losses on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals	\$ 1	\$ (1 )	\$ 2	\$ 1
After-tax gain from discontinued operations <sup>(b)</sup>	\$ —	\$ —	\$ —	\$ 231
After-tax gain (loss) associated with Maine fossil <sup>(c)</sup>	\$ —	\$ —	\$ 12	\$ (43 )
After-tax charges recorded by NEER associated with the impairment of the Spain solar projects	\$ —	\$ —	\$ —	\$ (342 )
After-tax operating results of NEER's Spain solar projects	\$ 7	\$ —	\$ (8 )	\$ —

<sup>(a)</sup> For the three months ended June 30, 2014 and 2013, approximately \$140 million and \$8 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. For the six months ended June 30, 2014 and 2013, approximately \$263 million and \$61 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

<sup>(b)</sup> For the six months ended June 30, 2013, \$216 million of the gain is included in NEER's net income; the balance is included in Corporate and Other.

<sup>(c)</sup> For the six months ended June 30, 2014, the gain is included in NEER's net income. For the six months ended June 30, 2013, \$41 million of the loss is included in NEER's net income; the balance is included in Corporate and Other.

The change in unrealized mark-to-market activity from non-qualifying hedges is primarily attributable to changes in forward power and natural gas prices and interest rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

## RESULTS OF OPERATIONS

### Summary

NEE's net income for the three months ended June 30, 2014 was lower than the prior period by \$118 million, or 32 cents per share, reflecting lower results at NEER, partly offset by higher results at FPL. NEE's net income for the six months ended June 30, 2014 was higher than the prior period by \$38 million, or 2 cents per share, primarily due to higher results at FPL, partly offset by lower results from Corporate and Other.

FPL's increase in net income for the three and six months ended June 30, 2014 was primarily driven by continued investments in plant in service while earning an 11.28% return on common equity as determined for regulatory purposes (regulatory ROE) on its retail rate base.

NEER's net income decreased for the three months ended June 30, 2014 primarily due to higher net unrealized losses from non-qualifying hedge activity. NEER's net income decreased for the six months ended June 30, 2014 reflecting higher net unrealized losses from non-qualifying hedge activity as well as the absence of the \$216 million after-tax gain from discontinued operations and the absence of \$342 million of after-tax charges associated with the impairment of the Spain solar projects, both recorded in 2013. In addition, NEER's results for the three and six months ended June 30, 2014 reflect, among other things, earnings from new investments and higher results from the customer supply and proprietary power and gas trading businesses as well as the NEP-related charge and costs.

Corporate and Other's results decreased for the three and six months ended June 30, 2014 primarily due to higher investment losses and, for the six months ended June 30, 2014, consolidating tax adjustments.

NEE's effective income tax rates for the three months ended June 30, 2014 and 2013 were approximately 37% and 26%, respectively. NEE's effective income tax rates for the six months ended June 30, 2014 and 2013 were approximately 33% and 35%, respectively. The rates for all periods reflect the benefit of PTCs for wind projects at NEER and deferred income tax benefits associated with convertible ITCs under the Recovery Act. PTCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by PTC roll off. PTCs for the three months ended June 30, 2014 and 2013 were approximately \$49 million and \$66 million, respectively, and \$98 million and \$125 million for the comparable six-month periods. Deferred income tax benefits associated with convertible ITCs for the three months ended June 30, 2014 and 2013 were approximately \$10 million and \$21 million, respectively, and \$22 million and \$33 million for the comparable six-month periods. In addition, the rates for the three and six months ended June 30, 2014 reflect a noncash income tax charge of approximately \$45 million associated with structuring Canadian assets and for the six months ended June 30, 2013 reflect the establishment of a full valuation allowance during the first quarter of 2013 of approximately \$132 million on the deferred tax assets associated with the Spain solar projects. See Note 4 - Nonrecurring Fair Value Measurements and Note 5.

#### FPL: Results of Operations

FPL's net income for the three months ended June 30, 2014 and 2013 was \$423 million and \$391 million, respectively, representing an increase of \$32 million. FPL's net income for the six months ended June 30, 2014 and 2013 was \$770 million and \$679 million, respectively, representing an increase of \$91 million.

The use of reserve amortization is permitted by a January 2013 FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations provided in the 2012 rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of other operations and maintenance (O&M) expenses, depreciation and amortization, interest and tax expenses. The drivers of FPL's net income not reflected in the reserve amortization calculation include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, the equity component of AFUDC (AFUDC - equity) and costs not allowed to be recovered from customers by the FPSC. During the three months ended June 30, 2014 and 2013, FPL recorded reserve amortization of \$6 million and \$82 million, respectively. During the six months ended June 30, 2014 and 2013, FPL recorded reserve amortization of \$131 million and \$219 million, respectively.

FPL's regulatory ROE for the twelve months ended June 30, 2014 was 11.28% compared to 11.0% in the prior year period. The 2014 regulatory ROE reflects approximately \$25 million of after-tax charges recorded over the past twelve months associated with an initiative focused mainly on improving productivity and reducing O&M expenses (cost savings initiative). These charges were not offset by additional reserve amortization. Excluding the impact of these charges, FPL's regulatory ROE would have been 11.50%, which is FPL's targeted regulatory ROE for 2014. The \$32 million and \$91 million increase in FPL's net income for the three and six months ended June 30, 2014, respectively, was primarily driven by:

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higher earnings on investment in plant in service of \$28 million and \$57 million, respectively. Investment in plant in service grew FPL's average retail rate base for the three and six months ended June 30, 2014 by approximately \$2.4 billion and \$2.5 billion, respectively, when compared to the same periods last year, reflecting, among other things, the generation power uprates at FPL's nuclear units, the modernized Cape Canaveral and Riviera Beach power plants and ongoing transmission and distribution additions,

• growth in wholesale services provided which increased earnings by \$10 million and \$14 million, respectively, and for the six months ended June 30, 2014, higher earnings of approximately \$29 million related to the increase in the targeted regulatory ROE from 11.25% to 11.50% implemented in the first quarter of 2014.

FPL's operating revenues consisted of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2014	2013	June 30, 2014	2013
	(millions)			
Retail base	\$1,390	\$1,280	\$2,527	\$2,310
Fuel cost recovery	941	828	1,856	1,547
Net recognition of previously deferred retail fuel revenues	—	54	—	44
Other cost recovery clauses and pass-through costs, net of any deferrals	446	459	841	847
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	112	75	200	137
Total	\$2,889	\$2,696	\$5,424	\$4,885

#### Retail Base

Retail base revenues increased approximately \$96 million and \$168 million during the three and six months ended June 30, 2014, respectively, related to plant capacity additions reflecting (1) new nuclear capacity of approximately 125 MW, which was placed in service in 2013, (2) the modernization of the Cape Canaveral power plant, which was placed in service in April 2013, and (3) the modernization of the Riviera Beach power plant that was placed in service on April 1, 2014; the annualized effect of the retail base rate increase for the Riviera Beach power plant is approximately \$234 million.

#### Retail Customer Usage and Growth

For the three and six months ended June 30, 2014, FPL experienced a 0.4% decrease and 0.9% increase, respectively, in average usage per retail customer and a 2.0% and 1.9% increase, respectively, in the average number of customer accounts, which collectively, together with other factors, increased revenues by approximately \$14 million and \$49 million, respectively. Weather conditions and an improvement in the Florida economy contributed to the increased revenues for both periods.

#### Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to nuclear capacity, solar and environmental projects. For the three months ended June 30, 2014 and 2013, cost recovery clauses contributed approximately \$20 million and \$29 million, respectively, to FPL's net income; the amounts for the six months ended June 30, 2014 and 2013 were \$41 million and \$56 million, respectively. The decrease is primarily as a result of the collection in 2014 of retail base revenues related to new nuclear capacity which was placed in service in 2013 (see Retail Base above). Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense in the condensed consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity until such capacity goes into service and is recovered in base rates, pre-construction costs associated with the development of two additional nuclear units at the Turkey Point site and changes in energy sales. Capacity charges are included in fuel, purchased power and

interchange expense and franchise fee costs are included in taxes other than income taxes and other in the condensed consolidated statements of income. The increase in fuel cost recovery revenues for the three and six months ended June 30, 2014 is primarily due to a higher average fuel factor of \$80 million and \$138 million, respectively, and higher energy sales of \$42 million and \$94 million, respectively. In addition, gas sales associated with an incentive mechanism allowed under the 2012 rate agreement (incentive gas sales) decreased fuel cost recovery revenues by approximately \$9 million for the three months ended June 30, 2014. Incentive gas sales, along with higher interchange power sales, increased fuel cost recovery revenues by approximately \$77 million for the six months ended June 30, 2014.

#### Other

The increase in other revenues for the three and six months ended June 30, 2014 reflects higher wholesale revenues of approximately \$33 million and \$56 million, respectively, associated with an increase in contracted load served under existing contracts.

## Other Items Impacting FPL's Condensed Consolidated Statements of Income

## Fuel, Purchased Power and Interchange Expense

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
	(millions)			
Fuel and energy charges during the period	\$1,091	\$972	\$1,995	\$1,681
Net deferral of retail fuel costs	(152)	(91)	(145)	(91)
Other, primarily capacity charges, net of any capacity deferral	137	137	262	248
Total	\$1,076	\$1,018	\$2,112	\$1,838

The increase in fuel and energy charges for the three and six months ended June 30, 2014 reflects approximately \$56 million and \$146 million of higher fuel and energy prices, \$40 million and \$110 million related to higher energy sales and \$23 million and \$58 million of gas purchased for incentive gas sales, respectively.

## O&amp;M Expenses

FPL's O&M expenses decreased \$38 million for the three months ended June 30, 2014 reflecting savings from the cost savings initiative as well as lower costs recoverable through cost recovery clauses, which do not have a significant impact on net income. FPL's O&M expenses decreased \$40 million for the six months ended June 30, 2014 reflecting savings from the cost savings initiative partly offset by higher costs recoverable through cost recovery clauses.

## Depreciation and Amortization Expense

The major components of FPL's depreciation and amortization expense are as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
	(millions)			
Reserve amortization recorded under the 2012 rate agreement	\$(6)	\$(82)	\$(131)	\$(219)
Other depreciation and amortization recovered under base rates	305	276	598	546
Depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization	50	54	90	102
Total	\$349	\$248	\$557	\$429

The reserve amortization recorded in the current period was lower than amortization recorded in the prior year period primarily due to additional base revenues collected in 2014. The reserve amortization recorded for all periods presented reflects the amortization of a depreciation and fossil dismantlement reserve provided under the 2012 rate agreement; at June 30, 2014, approximately \$115 million of this reserve remains available for future amortization. Reserve amortization is recorded as a reduction of regulatory liabilities - accrued asset removal costs on the condensed consolidated balance sheets. The increase in other depreciation and amortization expense recovered under base rates for the three and six months ended June 30, 2014 is primarily due to higher plant in service

balances. The decrease in depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization for the three and six months ended June 30, 2014 is primarily due to recoveries of prior year investment under the FPSC's nuclear cost recovery rule.

#### Taxes Other Than Income Taxes and Other

Taxes other than income taxes and other increased approximately \$14 million and \$30 million for the three and six months ended June 30, 2014, primarily due to higher franchise and revenue taxes, neither of which impact net income, as well as higher property taxes reflecting growth in plant in service balances, partly offset by lower payroll taxes.

#### Interest Expense

The increase in interest expense for the three and six months ended June 30, 2014 is primarily due to a lower debt component of AFUDC (AFUDC - debt). The change in AFUDC - debt is due to the same factors as described below in AFUDC - equity.

#### AFUDC - Equity

The decrease in AFUDC - equity for the three and six months ended June 30, 2014 is primarily due to lower AFUDC - equity associated with the Cape Canaveral power plant which was placed in service in April 2013 and the Riviera Beach power plant which was placed in service in April 2014, partly offset by additional AFUDC - equity recorded on construction expenditures associated with the Port Everglades modernization project.

## Major Capital Projects

During the first quarter of 2014, FPL began construction on the modernization of its Port Everglades power plant. In April 2014, FPL placed in service an approximately 1,200 MW natural gas-fired combined-cycle modernized unit at its Riviera Beach power plant.

In June 2014, FPL filed a petition with the FPSC seeking a prudence determination with respect to FPL's proposed investment in long-term natural gas supplies and for the recovery of costs associated with the investment through the fuel clause. If FPL's petition is approved, FPL will partner with a third party to develop natural gas production wells in the Woodford Shale region in southeastern Oklahoma. FPL's petition also requested the FPSC approve a set of guidelines proposed by FPL under which FPL could participate in additional natural gas production projects and recover their costs through the fuel clause without prior FPSC approval. FPL expects an FPSC decision by the end of 2014 or early 2015.

## NEER: Results of Operations

NEER's net income for the three months ended June 30, 2014 and 2013 was \$81 million and \$229 million, respectively, representing a decrease of \$148 million. NEER's net income for the six months ended June 30, 2014 and 2013 was \$167 million and \$189 million, respectively, representing a decrease of \$22 million. The primary drivers, on an after-tax basis, of the change are in the following table. The 99.8 MW associated with the Spain solar projects and the related operating results are not included in new investments data below.

	Increase (Decrease)		
	From Prior Period		
	Three Months	Six Months	
	Ended	Ended	
	June 30, 2014	June 30, 2014	
	(millions)		
New investments <sup>(a)</sup>	\$21	\$46	
Existing assets <sup>(a)</sup>	(21	) 42	
Customer supply and proprietary power and gas trading <sup>(b)</sup>	30	(20	)
Asset sales	28	29	
NEP-related charge and costs	(67	) (67	)
Interest expense, differential membership costs and other	(16	) (22	)
Change in unrealized mark-to-market non-qualifying hedge activity <sup>(c)(d)</sup>	(132	) (202	)
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals <sup>(d)</sup>	2	1	
Gain on 2013 discontinued operations <sup>(e)</sup>	—	(216	)
Change in Maine fossil gain/loss <sup>(f)</sup>	—	53	
Charges associated with the 2013 impairment of the Spain solar projects <sup>(f)</sup>	—	342	
Operating results of the Spain solar projects <sup>(f)</sup>	7	(8	)
Net income decrease	\$(148	) \$(22	)

<sup>(a)</sup> Includes PTCs and state ITCs on wind projects and, for new investments, deferred income tax and other benefits associated with convertible ITCs but excludes allocation of interest expense or corporate general and administrative expenses. Results from new projects are included in new investments during the first twelve months of operation. A project's results are included in existing assets beginning with the thirteenth month of operation.

- (b) Excludes allocation of interest expense or corporate general and administrative expenses.
- (c) See Note 3 and Overview - Adjusted Earnings related to derivative instruments.
- (d) See table in Overview - Adjusted Earnings for additional detail.
- (e) See Note 6 and Overview - Adjusted Earnings for additional information.
- (f) See Note 4 - Nonrecurring Fair Value Measurements and Overview - Adjusted Earnings for additional information.

#### New Investments

Results from new investments for the three months ended June 30, 2014 increased primarily due to:

the addition of approximately 449 MW of wind generation and 458 MW of solar generation during or after the three months ended June 30, 2013, and higher deferred income tax and other benefits associated with ITCs of \$4 million, partly offset by, lower deferred income tax and other benefits associated with convertible ITCs of \$11 million.

Results from new investments for the six months ended June 30, 2014 increased primarily due to:

the addition of approximately 449 MW of wind generation and 458 MW of solar generation during or after the six months ended June 30, 2013, and  
higher deferred income tax and other benefits associated with ITCs of \$9 million  
partly offset by,  
lower deferred income tax and other benefits associated with convertible ITCs of \$10 million.

#### Existing Assets

Results from NEER's existing asset portfolio for the three months ended June 30, 2014 decreased primarily due to:

PTC roll off of approximately \$12 million and lower state ITCs of \$6 million, and  
lower results from the nuclear assets of approximately \$17 million primarily due to a scheduled outage at Seabrook in 2014 and lower pricing partly offset by gains on sales of securities held in NEER's nuclear decommissioning funds, partly offset by,  
higher wind generation of \$10 million reflecting increased availability and stronger wind resource.

Results from NEER's existing asset portfolio for the six months ended June 30, 2014 increased primarily due to:

higher results from wind generation of approximately \$50 million related to stronger wind resource and favorable pricing,  
approximately \$22 million of gains on sales of securities held in NEER's nuclear decommissioning funds,  
increased results of \$13 million at Maine fossil due to additional generation and favorable pricing related to extreme winter weather, and  
increased results of \$10 million from merchant assets in the Electric Reliability Council of Texas (ERCOT) region due to favorable market conditions and lower operating costs,  
partly offset by,  
PTC roll off of \$23 million,  
a reduction in generation at Seabrook of \$18 million due to a scheduled outage in 2014, and  
lower results of \$14 million due to the absence of the hydro assets which were sold in the first quarter of 2013.

#### Customer Supply and Proprietary Power and Gas Trading

Results from customer supply and proprietary power and gas trading increased for the three months ended June 30, 2014 primarily due to higher results from the customer supply business reflecting gains on gas purchase contracts and favorable full requirements business results, as well as higher power and gas trading results. Results from customer supply and proprietary power and gas trading decreased for the six months ended June 30, 2014 primarily due to lower results in the customer supply business reflecting the impact of extreme winter weather and market conditions in the Northeast on the full requirements business in the first quarter of 2014, partly offset by gains on gas purchase contracts and higher power and gas trading results.

#### Asset Sales

During the three and six months ended June 30, 2014, NEER recorded an after-tax gain of approximately \$14 million on the sale of a 75 MW wind project that became operational in the first quarter of 2014 and a gain of approximately \$14 million on the sale of investments in certain wells in the gas infrastructure business.

#### NEP-related Charge and Costs



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For the three and six months ended June 30, 2014, NEER's results reflect an approximately \$45 million noncash income tax charge associated with structuring Canadian assets and \$22 million in NEP initial public offering transaction costs.

### Interest Expense, Differential Membership Costs and Other

For the three and six months ended June 30, 2014, the decrease in interest expense, differential membership costs and other reflects higher borrowing and other costs to support the growth of the business.

### Other Factors

Supplemental to the primary drivers of the changes in net income discussed above, the discussion below describes changes in certain line items set forth in NEE's condensed consolidated statements of income as they relate to NEER.

### Operating Revenues

Operating revenues for the three months ended June 30, 2014 decreased \$10 million primarily due to:

higher unrealized mark-to-market losses from non-qualifying hedges (\$220 million for the three months ended June 30, 2014 compared to \$7 million of losses on such hedges for the comparable period in 2013), partly offset by,

higher revenues from new investments of approximately \$86 million, including \$21 million associated with the Spain solar projects,  
higher revenues from both customer supply and proprietary power and gas trading primarily reflecting gains on gas purchase contracts and favorable power and gas trading and from the gas infrastructure business due to the sale of investments in certain wells (collectively, \$106 million), and  
higher revenues from existing assets primarily due to higher wind generation due to increased availability and stronger wind resource and higher revenues in the ERCOT region primarily due to favorable market conditions, partly offset by lower revenues in the New England Power Pool (NEPOOL) region due to a scheduled outage at Seabrook (collectively, \$12 million).

Operating revenues for the six months ended June 30, 2014 increased \$7 million primarily due to:

higher revenues from new investments of approximately \$140 million, including \$36 million associated with the Spain solar projects,  
higher revenues from existing assets primarily due to higher wind generation due to increased availability and stronger wind resource and higher revenues in the ERCOT region primarily due to favorable market conditions, partly offset by lower revenues in the NEPOOL region due to a scheduled outage at Seabrook (collectively, \$121 million), and  
higher revenues from customer supply and proprietary power and gas trading business (\$8 million) primarily reflecting gains on gas purchase contracts and favorable power and gas trading, partly offset by lower full requirements business revenues due to extreme winter weather,  
partly offset by,  
higher unrealized mark-to-market losses from non-qualifying hedges (\$369 million for the six months ended June 30, 2014 compared to \$107 million of losses on such hedges for the comparable period in 2013).

#### Operating Expenses

Operating expenses for the three months ended June 30, 2014 increased \$90 million primarily due to:

higher fuel expense of approximately \$82 million primarily in the ERCOT region and the customer supply business,  
higher operating expenses associated with new investments of approximately \$31 million, including \$6 million associated with the Spain solar projects, and  
higher operating expenses associated with the gas infrastructure business of \$25 million,  
partly offset by,  
the absence of \$31 million of unrealized mark-to-market losses from non-qualifying hedges recorded in 2013 and  
lower OTTI losses (\$19 million for the three months ended June 30, 2014 compared to \$42 million of such losses for the comparable period in 2013).

Operating expenses for the six months ended June 30, 2014 decreased \$109 million primarily due to:

the absence of a \$300 million impairment charge in 2013 related to the Spain solar projects,  
the absence of \$19 million of unrealized mark-to-market losses from non-qualifying hedges recorded in 2013 and  
lower OTTI losses (\$56 million for the six months ended June 30, 2014 compared to \$84 million of such losses for the comparable period in 2013)  
partly offset by,  
higher fuel expense of approximately \$176 million primarily in the ERCOT region and the customer supply business,  
and  
higher operating expenses associated with new investments of approximately \$63 million, including \$17 million associated with the Spain solar projects.

#### Interest Expense

NEER's interest expense for the three and six months ended June 30, 2014 increased \$39 million and \$91 million, respectively, primarily due to higher average debt balances. In addition, NEER's interest expense for the three and six months ended June 30, 2014 reflects a \$8 million and \$35 million, respectively, unfavorable change in the fair value of cash flow hedges related to interest rate swaps for which hedge accounting was discontinued in the second quarter of 2013 (see Note 3 and Overview - Adjusted Earnings), compared to a favorable change of \$11 million in the fair value of such hedges for the comparable periods in 2013. NEER's interest expense for the three and six months ended June 30, 2014 also includes approximately \$12 million and \$28 million, respectively, of additional interest expense associated with the Spain solar projects, primarily due to the absence of capitalized interest in the current period as the project was placed in service in June 2013.

#### Benefits Associated with Differential Membership Interests - Net

Benefits associated with differential membership interests - net in NEE's condensed consolidated statements of income for all periods presented reflect benefits recognized by NEER as third-party investors received their portion of the economic attributes, including income tax attributes, of the underlying wind project, net of associated costs.

#### Gains on Disposal of Assets - Net

Gains on disposal of assets - net in NEE's condensed consolidated statements of income for the three and six months ended June 30, 2014 and 2013 primarily reflect gains on sales of securities held in NEER's nuclear decommissioning funds and, for these

respective periods, include approximately \$3 million, \$8 million, \$3 million and \$11 million of OTTI reversals. In addition, the three and six months ended June 30, 2014 also reflect a \$23 million gain on the sale of a 75 MW wind project.

#### Tax Credits and Benefits

PTCs from NEER's wind projects are reflected in NEER's earnings. PTCs are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes. A portion of the PTCs have been allocated to investors in connection with the sales of differential membership interests. Also see Summary above and Note 5 for a discussion of PTCs, deferred income tax benefits associated with convertible ITCs and other income tax-related charges, as well as benefits associated with differential membership interests - net above.

#### Major Capital Projects

During the six months ended June 30, 2014, NEER brought into service approximately 75 MW of new contracted U.S. wind generation, which it subsequently sold, and 178 MW of new U.S. solar generation. In addition to the existing plans to add approximately 805 MW of new contracted solar generation during 2014 through 2016, NEER continues to pursue additional solar opportunities including possibly one large 200 MW to 250 MW project and a development pipeline of smaller 10 MW to 40 MW projects.

#### Corporate and Other: Results of Operations

Corporate and Other is primarily comprised of the operating results of NEET, FPL FiberNet and other business activities, as well as corporate interest income and expenses. Corporate and Other allocates non-utility interest expense and shared service costs to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating non-utility interest expense, the liability associated with differential membership interests sold by NEER's subsidiaries is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(millions)			
Interest expense, net of allocations to NEER	\$ (26)	) \$ (30)	) \$ (51)	) \$ (58)
Interest income	8	8	16	16
Federal and state income tax benefits (expenses)	(8)	) (7)	) (1)	) 19
Other	14	19	20	38
Net income (loss)	\$ (12)	) \$ (10)	) \$ (16)	) \$ 15

The decrease in interest expense, net of allocations to NEER, for the three and six months ended June 30, 2014 primarily relates to a higher allocation of interest costs to NEER reflecting a need for additional capital at NEER. The federal and state income tax benefits (expenses) for both periods reflect consolidating income tax adjustments and, for the six months ended June 30, 2013, includes a \$15 million income tax benefit recorded as a gain from discontinued operations, net of federal income taxes (see Overview - Adjusted Earnings and Note 6). Other includes all other corporate income and expenses, as well as other business activities. The decrease for the three and six months ended June 30, 2014 primarily reflects higher investment losses recorded in 2014.

In May 2014, Lone Star filed a petition with the Public Utility Commission of Texas (PUCT) requesting an annual revenue requirement of approximately \$106 million for, among other things, \$694 million of rate base, a regulatory equity ratio of 45%, an allowed ROE of 10.25% and other operating expenses. In July 2014, Lone Star and all intervenors filed a proposed settlement with the PUCT related to the base rate petition. The proposed settlement provides for a base annual revenue requirement of approximately \$102 million, which represents a reduction of \$1 million annually from Lone Star's current annual revenue requirement, and maintains Lone Star's currently allowed regulatory equity ratio of 45% and ROE of 9.6%. The PUCT review of the settlement is anticipated during the third quarter of 2014.

## LIQUIDITY AND CAPITAL RESOURCES

NEE and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, payment of maturing debt obligations and, from time to time, redemption or repurchase of outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of cash flows from operations, short- and long-term borrowings, the issuance, from time to time, of short- and long-term debt and equity securities and proceeds from the sale of differential membership interests, consistent with NEE's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NEE, FPL and NEECH rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NEE, FPL and NEECH to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

## Cash Flows

Sources and uses of NEE's and FPL's cash for the six months ended June 30, 2014 and 2013 were as follows:

	NEE Six Months Ended June 30, 2014		FPL Six Months Ended June 30, 2014	
	2013	2013	2014	2013
	(millions)			
Sources of cash:				
Cash flows from operating activities	\$2,448	\$2,250	\$1,723	\$1,546
Long-term borrowings and change in loan proceeds restricted for construction	2,363	3,069	499	498
Proceeds from the sale of differential membership interests	39	201	—	—
Sale of independent power investments	273	—	—	—
Capital contribution from NEE	—	—	100	—
Cash grants under the Recovery Act	306	170	—	—
Issuances of common stock - net	42	9	—	—
Net increase in short-term debt	925	—	247	241
Other sources - net	54	32	29	12
Total sources of cash	6,450	5,731	2,598	2,297
Uses of cash:				
Capital expenditures, independent power and other investments and nuclear fuel purchases	(3,239)	(3,154)	(1,678)	(1,506)
Retirements of long-term debt	(2,275)	(1,425)	(329)	(427)
Net decrease in short-term debt	—	(370)	—	—
Dividends	(630)	(557)	(500)	(340)
Payments to differential membership investors	(42)	(37)	—	—
Other uses - net	(80)	(106)	(52)	(34)
Total uses of cash	(6,266)	(5,649)	(2,559)	(2,307)
Net increase (decrease) in cash and cash equivalents	\$184	\$82	\$39	\$(10)



NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generating facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. The following table provides a summary of the major capital investments for the six months ended June 30, 2014 and 2013.

	Six Months Ended June 30,	
	2014	2013
	(millions)	
FPL:		
Generation:		
New	\$430	\$596
Existing	455	297
Transmission and distribution	587	405
Nuclear fuel	110	41
General and other	63	79
Other, primarily change in accrued property additions and the exclusion of AFUDC - equity	33	88
Total	1,678	1,506
NEER:		
Wind	816	634
Solar	284	468
Nuclear, including nuclear fuel	125	112
Other	272	341
Total	1,497	1,555
Corporate and Other	64	93
Total capital expenditures, independent power and other investments and nuclear fuel purchases	\$3,239	\$3,154

See Note 1 - Basis of Presentation for information regarding the NEP initial public offering on July 1, 2014.

See Note 9 regarding financing activity that occurred in July 2014.



## Liquidity

At June 30, 2014, NEE's total net available liquidity was approximately \$6.2 billion, of which FPL's portion was approximately \$2.8 billion. The table below provides the components of FPL's and NEECH's net available liquidity at June 30, 2014:

	FPL	NEECH (millions)	Total	Maturity Date	
				FPL	NEECH
Bank revolving line of credit facilities <sup>(a)</sup>	\$3,000	\$4,850	\$7,850	(b)	(b)
Less letters of credit	(7	) (892	) (899	)	
	2,993	3,958	6,951		
Revolving credit facility	235	—	235	2015	
Less borrowings	—	—	—		
	235	—	235		
Letter of credit facilities <sup>(c)</sup>	—	250	250		2015
Less letters of credit	—	(235	) (235	)	
	—	15	15		
Subtotal	3,228	3,973	7,201		
Cash and cash equivalents	58	545	603		
Less commercial paper and short-term debt	(451	) (1,165	) (1,616	)	
Net available liquidity	\$2,835	\$3,353	\$6,188		

- Provide for the funding of loans up to \$7,850 million (\$3,000 million for FPL) and the issuance of letters of credit up to \$6,600 million (\$2,500 million for FPL). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' (a) operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's bank revolving line of credit facilities are also available to support the purchase of \$633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.
- (b) \$500 million of FPL's and \$750 million of NEECH's bank revolving line of credit facilities expire in 2016, essentially all of the remaining facilities at each of FPL and NEECH expire in 2019.
- (c) Only available for the issuance of letters of credit.

Additionally, a NEER subsidiary has five variable rate Canadian revolving credit agreements with original capacity totaling C\$1,150 million and expiration dates ranging from October 2014 to 2016. These facilities are available for general corporate purposes; however, the current intent is to use these facilities for the purchase, development, construction and/or operation of Canadian renewable generating assets. In order to borrow or issue letters of credit under the terms of these agreements, among other things, NEE is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. These agreements also contain certain covenants and default and related acceleration provisions relating to, among other things, failure of NEE to maintain a ratio of funded debt to total capitalization at or below the specified ratio. The payment obligations under these agreements are ultimately

guaranteed by NEE. As of June 30, 2014, approximately \$378 million of capacity remained available.

In connection with the closing of the NEP initial public offering on July 1, 2014, NEP OpCo, an indirect majority-owned subsidiary of NEER, and NEP OpCo's direct subsidiaries (Loan Parties) entered into a \$250 million variable rate, senior secured revolving credit facility that expires in July 2019. The revolving credit facility includes borrowing capacity for letters of credit and incremental commitments to increase the revolving credit facility to up to \$1 billion in the aggregate, subject to certain conditions. Borrowings under the revolving credit facility can be used by the Loan Parties to fund working capital and expansion projects, to make acquisitions and for general business purposes. The revolving credit facility is secured by liens on the assets of NEP OpCo, and certain other assets of, and the ownership interest in, one of its direct subsidiaries, including wind and solar generating facilities with a total generating capability of approximately 990 MW. The revolving credit facility contains default and related acceleration provisions relating to the failure to make required payments or to observe other covenants in the revolving credit facility and related documents. Additionally, NEP OpCo and one of its direct subsidiaries are required to comply with certain financial covenants on a quarterly basis and NEP OpCo's ability to pay cash distributions is subject to certain other restrictions. All borrowings under the revolving credit facility are guaranteed by NEP OpCo and NEP, and must be repaid by the end of the revolving credit term. As of July 30, 2014, there were no amounts drawn under the revolving credit facility.

### Capital Support

#### Letters of Credit, Surety Bonds and Guarantees

Certain subsidiaries of NEE, including FPL, obtain letters of credit and surety bonds and issue guarantees to facilitate commercial transactions with third parties and financings. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, capital expenditures for NEER's wind and solar development, nuclear activities and other contractual agreements. Substantially all of NEE's and FPL's guarantee arrangements are on behalf of their consolidated subsidiaries for their related payment obligations.

In addition, as part of contract negotiations in the normal course of business, NEE and certain of its subsidiaries, including FPL, may agree to make payments to compensate or indemnify other parties for possible future unfavorable financial consequences resulting from specified events. The specified events may include, but are not limited to, an adverse judgment in a lawsuit, the imposition of additional taxes due to a change in tax law or interpretations of the tax law or the non-receipt of renewable tax credits or proceeds from cash grants under the Recovery Act. NEE and FPL are unable to develop an estimate of the maximum potential amount of future payments under some of these contracts because events that would obligate them have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

In addition, NEE has guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

At June 30, 2014, NEE had approximately \$1.2 billion of standby letters of credit (\$7 million for FPL), approximately \$185 million of surety bonds (\$31 million for FPL) and approximately \$11.7 billion notional amount of guarantees and indemnifications (\$27 million for FPL), of which approximately \$8.0 billion of letters of credit, guarantees and indemnifications (\$10 million for FPL) have expiration dates within the next five years.

Each of NEE and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit, surety bonds, guarantees and indemnifications. Accordingly, at June 30, 2014, NEE and FPL did not have any liabilities recorded for these letters of credit, surety bonds, guarantees and indemnifications.

#### New Accounting Rules and Interpretations

Revenue Recognition - In May 2014, the FASB issued a new accounting standard related to the recognition of revenue from contracts with customers and required disclosures. See Note 1 - Revenue Recognition.

#### Energy Marketing and Trading and Market Risk Sensitivity

NEE and FPL are exposed to risks associated with adverse changes in commodity prices, interest rates and equity prices. Financial instruments and positions affecting the financial statements of NEE and FPL described below are held primarily for purposes other than trading. Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in commodity prices, interest rates or equity prices over the next year. Management has established risk management policies to monitor and manage such market risks, as well as credit risks.

#### Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements. See Note 3.

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2014 were as follows:

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	Trading	Hedges on Owned Assets Non- Qualifying	FPL Cost Recovery Clauses	NEE Total
Three months ended June 30, 2014	(millions)			
Fair value of contracts outstanding at March 31, 2014	\$317	\$411	\$120	\$848
Reclassification to realized at settlement of contracts	—	(22	) (59	) (81 )
Net option premium purchases (issuances)	(66	) 1	—	(65 )
Changes in fair value excluding reclassification to realized	44	(197	) 11	(142 )
Fair value of contracts outstanding at June 30, 2014	295	193	72	560
Net margin cash collateral paid (received)				(134 )
Total mark-to-market energy contract net assets at June 30, 2014	\$295	\$193	\$72	\$426

52

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	Trading	Hedges on Owned Assets Non- Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			
Six months ended June 30, 2014				
Fair value of contracts outstanding at December 31, 2013	\$301	\$563	\$46	\$910
Reclassification to realized at settlement of contracts	36	97	(121)	) 12
Inception value of new contracts	(21)	) —	—	(21)
Net option premium purchases (issuances)	(62)	) 2	—	(60)
Changes in fair value excluding reclassification to realized	41	(469)	) 147	(281)
Fair value of contracts outstanding at June 30, 2014	295	193	72	560
Net margin cash collateral paid (received)				(134)
Total mark-to-market energy contract net assets at June 30, 2014	\$295	\$193	\$72	\$426

NEE's total mark-to-market energy contract net assets at June 30, 2014 shown above are included on the condensed consolidated balance sheets as follows:

	June 30, 2014 (millions)
Current derivative assets	\$537
Noncurrent derivative assets	863
Current derivative liabilities	(499)
Noncurrent derivative liabilities	(475)
NEE's total mark-to-market energy contract net assets	\$426

The sources of fair value estimates and maturity of energy contract derivative instruments at June 30, 2014 were as follows:

	Maturity							Total
	2014	2015	2016	2017	2018	Thereafter		
	(millions)							
Trading:								
Quoted prices in active markets for identical assets	\$11	\$53	\$(9)	) \$(8)	) \$—	\$—	\$47	
Significant other observable inputs	41	24	51	44	5	9	174	
Significant unobservable inputs	14	36	22	19	(7)	(10)	) 74	
Total	66	113	64	55	(2)	(1)	) 295	
Owned Assets - Non-Qualifying:								
Quoted prices in active markets for identical assets	(4)	) —	—	—	—	—	(4)	
Significant other observable inputs	(45)	) (76)	) (31)	) (30)	) (8)	) (9)	) (199)	
Significant unobservable inputs	10	25	45	46	46	224	396	
Total	(39)	) (51)	) 14	16	38	215	193	
Owned Assets - FPL Cost Recovery Clauses:								
	—	—	—	—	—	—	—	

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Quoted prices in active markets for identical assets

Significant other observable inputs	74	(5	)	—	—	—	—	69
Significant unobservable inputs	1	2	—	—	—	—	—	3
Total	75	(3	)	—	—	—	—	72
Total sources of fair value	\$102	\$59	\$78	\$71	\$36	\$214	\$560	

53

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The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2013 were as follows:

	Hedges on Owned Assets			
	Trading	Non- Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			
Three months ended June 30, 2013				
Fair value of contracts outstanding at March 31, 2013	\$294	\$574	\$144	\$1,012
Reclassification to realized at settlement of contracts	(3	) (36	) (41	) (80
Net option premium purchases (issuances)	(13	) 4	—	(9
Changes in fair value excluding reclassification to realized	18	4	(149	) (127
Fair value of contracts outstanding at June 30, 2013	296	546	(46	) 796
Net margin cash collateral paid (received)				(151
Total mark-to-market energy contract net assets (liabilities) at June 30, 2013	\$296	\$546	\$(46	) \$645

	Hedges on Owned Assets			
	Trading	Non- Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			
Six months ended June 30, 2013				
Fair value of contracts outstanding at December 31, 2012	\$261	\$674	\$(15	) \$920
Reclassification to realized at settlement of contracts	(6	) (46	) (26	) (78
Inception value of new contracts	3	—	—	3
Net option premium purchases (issuances)	(19	) (8	) —	(27
Changes in fair value excluding reclassification to realized	57	(74	) (5	) (22
Fair value of contracts outstanding at June 30, 2013	296	546	(46	) 796
Net margin cash collateral paid (received)				(151
Total mark-to-market energy contract net assets (liabilities) at June 30, 2013	\$296	\$546	\$(46	) \$645

With respect to commodities, NEE's EMC, which is comprised of certain members of senior management, and NEE's chief executive officer are responsible for the overall approval of market risk management policies and the delegation of approval and authorization levels. The EMC and NEE's chief executive officer receive periodic updates on market positions and related exposures, credit exposures and overall risk management activities.

NEE uses a value-at-risk (VaR) model to measure commodity price market risk in its trading and mark-to-market portfolios. The VaR is the estimated nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. The VaR figures are as follows:

Trading			Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses <sup>(a)</sup>			Total		
FPL	NEER	NEE	FPL	NEER	NEE	FPL	NEER	NEE

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	(millions)								
December 31, 2013	\$—	\$2	\$2	\$36	\$ 54	\$43	\$36	\$55	\$42
June 30, 2014	\$—	\$2	\$2	\$36	\$ 48	\$39	\$36	\$47	\$39
Average for the six months ended June 30, 2014	\$—	\$3	\$3	\$46	\$ 48	\$40	\$46	\$49	\$40

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Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are (a) not marked to market. The VaR figures for the non-qualifying hedges and hedges in FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.



## Interest Rate Risk

NEE and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in special use funds and other investments. NEE and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate contracts and using a combination of fixed rate and variable rate debt. Interest rate contracts are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements.

The following are estimates of the fair value of NEE's and FPL's financial instruments that are exposed to interest rate risk:

	June 30, 2014		December 31, 2013		
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	
(millions)					
NEE:					
Fixed income securities:					
Special use funds	\$2,404	\$2,404	(a) \$2,195	\$2,195	(a)
Other investments:					
Debt securities	\$129	\$129	(a) \$113	\$113	(a)
Primarily notes receivable	\$522	\$689	(b) \$531	\$627	(b)
Long-term debt, including current maturities	\$28,328	\$30,448	(c) \$27,728	\$28,612	(c)
Interest rate contracts - net unrealized losses	\$(170)	\$(170)	(d) \$(130)	\$(130)	(d)
FPL:					
Fixed income securities - special use funds	\$1,898	\$1,898	(a) \$1,735	\$1,735	(a)
Long-term debt, including current maturities	\$9,000	\$10,253	(c) \$8,829	\$9,451	(c)

(a) Primarily estimated using quoted market prices for these or similar issues.

(b) Primarily estimated using a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower.

(c) Estimated using either quoted market prices for the same or similar issues or discounted cash flow valuation technique, considering the current credit spread of the debtor.

(d) Modeled internally using discounted cash flow valuation technique and applying a credit valuation adjustment.

The special use funds of NEE and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NEE's and FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities primarily carried at estimated fair value. At FPL, changes in fair value, including any OTTI losses, result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. The changes in fair value of NEE's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary, including any credit losses, which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2030 (2032 at FPL).

As of June 30, 2014, NEE had interest rate contracts with a notional amount of approximately \$7.1 billion related to long-term debt issuances, of which \$2.5 billion are fair value hedges at NEECH that effectively convert fixed-rate debt to a variable-rate instrument. The remaining \$4.6 billion of notional amount of interest rate contracts relate to

cash flow hedges to manage exposure to the variability of cash flows associated with variable-rate debt instruments, all of which relate to NEER debt issuances. At June 30, 2014, the estimated fair value of NEE's fair value hedges and cash flow hedges was approximately \$29 million and \$(199) million, respectively. See Note 3.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NEE's net liabilities would increase by approximately \$889 million (\$483 million for FPL) at June 30, 2014.

#### Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE's nuclear decommissioning reserve funds include marketable equity securities primarily carried at their market value of approximately \$2,630 million and \$2,585 million (\$1,536 million and \$1,538 million for FPL) at June 30, 2014 and December 31, 2013, respectively. At June 30, 2014, a hypothetical 10% decrease in the prices quoted on stock exchanges, which is a reasonable near-term market change, would result in a \$252 million (\$148 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related liability accounts based on current regulatory treatment, and for NEE's non-rate regulated operations, a corresponding adjustment would be made to OCI to the extent the market value of the securities exceeded amortized cost and to OTTI loss to the extent the market value is below amortized cost.

## Credit Risk

NEE and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. NEE manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees.

Credit risk is also managed through the use of master netting agreements. NEE's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis. For all derivative and contractual transactions, NEE's energy marketing and trading operations, which include FPL's energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties to these transactions. Some relevant considerations when assessing NEE's energy marketing and trading operations' credit risk exposure include the following:

Operations are primarily concentrated in the energy industry.

Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the U.S.

Overall credit risk is managed through established credit policies and is overseen by the EMC.

- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of margin cash collateral.

Master netting agreements are used to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. NEE's policy is to have master netting agreements in place with significant counterparties.

Based on NEE's policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. As of June 30, 2014, approximately 94% of NEE's and 98% of FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2014, each of NEE and FPL had performed an evaluation, under the supervision and with the participation of its management, including NEE's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of each of NEE and FPL concluded that the company's disclosure controls and procedures were effective as of June 30, 2014.

(b) Changes in Internal Control Over Financial Reporting

NEE and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout NEE and FPL. However, there has been no change in NEE's or FPL's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during NEE's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NEE's or FPL's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

NEE and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal proceedings that could have a material effect on NEE or FPL, see Item 3. Legal Proceedings and Note 13 - Legal Proceedings to Consolidated Financial Statements in the 2013 Form 10-K and Note 10 - Legal Proceedings herein. Such descriptions are incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the 2013 Form 10-K. The factors discussed in Part I, Item 1A. Risk Factors in the 2013 Form 10-K, as well as other information set forth in this report, which could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects should be carefully considered. The risks described in the 2013 Form 10-K are not the only risks facing NEE and FPL. Additional risks and uncertainties not currently known to NEE or FPL, or that are currently deemed to be immaterial, also may materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Information regarding purchases made by NEE of its common stock during the three months ended June 30, 2014 is as follows:

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Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program <sup>(b)</sup>
4/1/14 - 4/30/14	—	\$—	—	13,274,748
5/1/14 - 5/31/14	5,527	\$96.27	—	13,274,748
6/1/14 - 6/30/14	472	\$97.09	—	13,274,748
Total	5,999	\$96.33	—	

Includes: (1) in May 2014, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the NextEra Energy, Inc. Amended and Restated 2011 Long-Term Incentive Plan and the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (a) (former LTIP); and (2) in June 2014, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NEE's obligation under a February 2006 grant under the former LTIP to an executive officer of deferred retirement share awards.

In February 2005, NEE's Board of Directors authorized common stock repurchases of up to 20 million shares of (b) common stock over an unspecified period, which authorization was most recently reaffirmed and ratified by the Board of Directors in July 2011.

Item 5. Other Information

(a) None

(b) None

(c) Other events

(i) Reference is made to Item 1. Business - NEE's Operating Subsidiaries - FPL - FPL Sources of Generation - Nuclear Operations in the 2013 Form 10-K.

The current operating licenses for FPL's nuclear units at the Turkey Point site include, among other things, a requirement that the maximum allowed water temperature in the Turkey Point cooling canal system not exceed 100 degrees. During July 2014, numerous factors contributed to higher-than-usual temperatures in the cooling canal system, including high summer temperatures, lack of rainfall, reduced water levels and the existence of an algae bloom, which resulted in the water temperature in the cooling canal system exceeding 100 degrees on several occasions. As a result, FPL requested and received temporary enforcement discretion from the NRC to deviate from the water temperature requirement. This discretion allows FPL to operate the Turkey Point nuclear units up to a maximum water temperature of 103 degrees through August 9, 2014. FPL has also filed for a permanent change to the operating licenses of the Turkey Point nuclear units requesting that the NRC increase the maximum allowed water temperature to 104 degrees (less instrument uncertainty); which decision is pending. If the water temperature exceeds the maximum permitted level, FPL will be required to commence shut down of the Turkey Point nuclear units within a certain timeframe until the water temperature in the cooling canal system returns to below the maximum permitted level, unless further regulatory action is requested and granted.

Reference is made to Item 1. Business - NEE's Operating Subsidiaries - FPL - FPL Sources of Generation - Nuclear Operations - Spent Nuclear Fuel - Nuclear Waste Policy Act of 1982, as amended (Nuclear Waste Policy Act) and Item 1. Business - NEE's Operating Subsidiaries - NEER - Generation and Other Operations - NEER Fuel/Technology Mix - Nuclear Facilities - Spent Nuclear Fuel in the 2013 Form 10-K and Part II, Item 5. (c)(i) in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 for NEE and FPL.

Beginning on May 16, 2014, the generation-based fees paid to the U.S. government's nuclear waste fund by NEE subsidiaries, including FPL, that own and operate nuclear facilities was set at zero pursuant to a November 2013 order from the U.S. Court of Appeals for the District of Columbia Circuit.

(iii) Reference is made to Item 1. Business - NEE Environmental Matters - Environmental Regulations - Clean Water Act Section 316(b) in the 2013 Form 10-K.

In May 2014, the EPA issued its final rule under Section 316(b) of the Clean Water Act outlining the process and framework for determining the Best Technology Available to reduce the impact on aquatic organisms from once-through cooling water intake systems. Under the rule, potentially twelve of FPL's facilities and five of NEER's facilities may be required to add additional controls and/or make operational changes to comply. NEE and FPL are analyzing the final rule, and their complete understanding of the impacts will evolve over years of site specific studies, permit evaluations and negotiations. Therefore, the impact of any final compliance obligations is uncertain at this time.

(iv) Reference is made to Item 1. Business - NEE Environmental Matters - Environmental Regulations - Regulations of Greenhouse Gas (GHG) Emissions in the 2013 Form 10-K.

In June 2014, the EPA issued a proposed rule under Section 111(d) of the Clean Air Act to reduce carbon emissions from existing fossil fuel-fired power units. The proposed rule sets emission rate targets for each state and requires each state to develop a compliance plan by June 2016 to meet these emissions targets. The proposed rule indicates that official compliance will start in 2020 with both interim and final target dates, each with specific emissions reductions. NEE and FPL are analyzing the proposed rule and the impact of any final compliance obligations is uncertain at this time. A final rule is expected by June 2015.

Also in June 2014, the U.S. Supreme Court issued an opinion rejecting the EPA's determination that its regulation of GHG emissions from new motor vehicles triggered permitting requirements under the Clean Air Act for stationary sources that emit GHG. However, the Court held that the EPA can require Best Available Control Technology for GHG emissions from stationary sources that would otherwise need a prevention of significant deterioration permit based on their emissions of conventional pollutants. The EPA continues to have the authority to regulate GHG emissions from new fossil fuel-fired power units under Section 111(b) and existing fossil fuel-fired power units under Section 111(d) of the Clean Air Act.

## Item 6. Exhibits

Exhibit Number	Description	NEE	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and twenty-two Supplements thereto, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; Exhibit 4(b) to Form 10-K for the year ended December 31, 1993, File No. 1-3545; Exhibit 4(i) to Form 10-Q for the quarter ended June 30, 1994, File No. 1-3545; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended June 30, 1998, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended March 31, 1999, File No. 1-3545; Exhibit 4(f) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; Exhibit 4(g) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(a) to Form 10-Q for the quarter ended September 30, 2004, File No. 2-27612; Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated October 10, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612; Exhibit 4 to Form 8-K dated December 9, 2010, File No. 2-27612; Exhibit 4(a) to Form 8-K dated June 10, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated December 13, 2011, File	x	x



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No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated December 20, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated June 5, 2013, File No. 2-27612; and Exhibit 4 to Form 8-K dated May 15, 2014, File No. 2-27612)

*4(b)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 6, 2014, creating the 2.40% Debentures, Series due September 15, 2019 (filed as Exhibit 4 to Form 8-K dated June 6, 2014, File No. 1-8841)	x	
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		x
32(a)	Section 1350 Certification of NextEra Energy, Inc.	x	
32(b)	Section 1350 Certification of Florida Power & Light Company		x
101.INS	XBRL Instance Document	x	x
101.SCH	XBRL Schema Document	x	x
101.PRE	XBRL Presentation Linkbase Document	x	x

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Exhibit Number	Description	NEE	FPL
101.CAL	XBRL Calculation Linkbase Document	x	x
101.LAB	XBRL Label Linkbase Document	x	x
101.DEF	XBRL Definition Linkbase Document	x	x

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\*Incorporated herein by reference

NEE and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that NEE and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

60

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Date: July 30, 2014

NEXTERA ENERGY, INC.  
(Registrant)

CHRIS N. FROGGATT  
Chris N. Froggatt  
Vice President, Controller and Chief Accounting  
Officer  
of NextEra Energy, Inc.  
(Principal Accounting Officer of NextEra Energy,  
Inc.)

FLORIDA POWER & LIGHT COMPANY  
(Registrant)

KIMBERLY OUSDAHL  
Kimberly Ousdahl  
Vice President, Controller and Chief Accounting  
Officer  
of Florida Power & Light Company  
(Principal Accounting Officer of  
Florida Power & Light Company)