



**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 **March 31, 2020**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

| Commission<br>File<br>Number | Exact name of registrants as specified in their<br>charters, address of principal executive offices and<br>registrants' telephone number | IRS Employer<br>Identification<br>Number |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 1-8841                       | <b>NEXTERA ENERGY, INC.</b>                                                                                                              | 59-2449419                               |
| 2-27612                      | <b>FLORIDA POWER &amp; LIGHT COMPANY</b>                                                                                                 | 59-0247775                               |

700 Universe Boulevard  
Juno Beach, Florida 33408  
(561) 694-4000

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:

| Registrants                   | Title of each class            | Trading Symbol(s) | Name of each exchange<br>on which registered |
|-------------------------------|--------------------------------|-------------------|----------------------------------------------|
| NextEra Energy, Inc.          | Common Stock, \$0.01 Par Value | NEE               | New York Stock Exchange                      |
|                               | 4.872% Corporate Units         | NEE.PRO           | New York Stock Exchange                      |
|                               | 5.279% Corporate Units         | NEE.PR            | New York Stock Exchange                      |
| Florida Power & Light Company | None                           |                   |                                              |

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 every Interactive Data File required to be submitted 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, a smaller reporting company, or an emerging growth company.

NextEra Energy, Inc. Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐  
Florida Power & Light Company Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

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 ☒

Number of shares of NextEra Energy, Inc. common stock, \$0.01 par value, outstanding at March 31, 2020: 489,450,050

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at March 31, 2020, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

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.

## DEFINITIONS

Acronyms and defined terms used in the text include the following:

| <b>Term</b>                  | <b>Meaning</b>                                                                                                          |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| AFUDC                        | allowance for funds used during construction                                                                            |
| AFUDC - equity               | equity component of AFUDC                                                                                               |
| AOCI                         | accumulated other comprehensive income                                                                                  |
| Duane Arnold                 | Duane Arnold Energy Center                                                                                              |
| FERC                         | U.S. Federal Energy Regulatory Commission                                                                               |
| Florida Southeast Connection | Florida Southeast Connection, LLC, a wholly owned NextEra Energy Resources subsidiary                                   |
| FPL                          | Florida Power & Light Company                                                                                           |
| FPSC                         | Florida Public Service Commission                                                                                       |
| fuel clause                  | fuel and purchased power cost recovery clause, as established by the FPSC                                               |
| GAAP                         | generally accepted accounting principles in the U.S.                                                                    |
| Gulf Power                   | Gulf Power Company                                                                                                      |
| ISO                          | independent system operator                                                                                             |
| ITC                          | investment tax credit                                                                                                   |
| kWh                          | kilowatt-hour(s)                                                                                                        |
| Management's Discussion      | Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations                           |
| MMBtu                        | One million British thermal units                                                                                       |
| MW                           | megawatt(s)                                                                                                             |
| MWh                          | megawatt-hour(s)                                                                                                        |
| NEE                          | NextEra Energy, Inc.                                                                                                    |
| NEECH                        | NextEra Energy Capital Holdings, Inc.                                                                                   |
| NEER                         | a segment comprised of NextEra Energy Resources and NEET                                                                |
| NEET                         | NextEra Energy Transmission, LLC                                                                                        |
| NEP                          | NextEra Energy Partners, LP                                                                                             |
| NEP OpCo                     | NextEra Energy Operating Partners, LP                                                                                   |
| net generating capacity      | net ownership interest in plant(s) capacity                                                                             |
| net generation               | net ownership interest in plant(s) generation                                                                           |
| NextEra Energy Resources     | NextEra Energy Resources, LLC                                                                                           |
| Note __                      | Note __ to condensed consolidated financial statements                                                                  |
| NRC                          | U.S. Nuclear Regulatory Commission                                                                                      |
| O&M expenses                 | other operations and maintenance expenses in the condensed consolidated statements of income                            |
| OCI                          | other comprehensive income                                                                                              |
| OTC                          | over-the-counter                                                                                                        |
| OTTI                         | other than temporary impairment                                                                                         |
| PTC                          | production tax credit                                                                                                   |
| PV                           | photovoltaic                                                                                                            |
| Recovery Act                 | American Recovery and Reinvestment Act of 2009, as amended                                                              |
| regulatory ROE               | return on common equity as determined for regulatory purposes                                                           |
| Sabal Trail                  | Sabal Trail Transmission, LLC, an entity in which a NextEra Energy Resources' subsidiary has a 42.5% ownership interest |
| Seabrook                     | Seabrook Station                                                                                                        |
| SEC                          | U.S. Securities and Exchange Commission                                                                                 |
| U.S.                         | United States of America                                                                                                |

NEE, FPL, NEECH, NextEra Energy Resources and NEET each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, NextEra Energy Transmission, NextEra, FPL Group, FPL Energy, FPLE, NEP and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH, NextEra Energy Resources, NEET 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.

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## 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, 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 NEE's and/or FPL's 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 a reasonable return on invested 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 FPSC.
- Any reductions or modifications to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax laws, policies and 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 and/or financing of new renewable energy projects, NEE's abandoning the development of renewable energy projects, a loss of NEE'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, interpretations or ballot or regulatory initiatives.
- 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 and businesses 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, guidance or policies, including but not limited to changes in corporate income tax rates, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially 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.

### Development and 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 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, retail gas distribution system in Florida 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, cyberattacks, 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.
- NEE invests in gas and oil producing and transmission assets through NEER's gas infrastructure business. The gas infrastructure business is exposed to fluctuating market prices of natural gas, natural gas liquids, oil and other energy commodities. A prolonged period of low gas and oil prices could impact NEER's gas infrastructure business and cause NEER to delay or cancel certain gas infrastructure projects and could result in certain projects becoming impaired, which could materially adversely affect NEE's results of operations.
- If supply costs necessary to provide NEER'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, NEER'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.
- 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, the ability for subsidiaries of NEE, including FPL, 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 have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.
- 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 adversely affected if they are unable to maintain, negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.
- 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 energy industry.

## **Nuclear Generation Risks**

- The 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 U.S. or at certain nuclear generation facilities in Europe, NEE and FPL could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.

- 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 and/or result in reduced revenues.
- The inability to operate any of NEE's or FPL's nuclear generation units through the end of their respective operating licenses, or in the case of Duane Arnold through expected shutdown, 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 planned 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, among other factors, 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 materially adversely affect the results of operations and financial condition of NEE and FPL.
- NEE's, NEECH's and FPL's inability to maintain their current credit ratings may materially 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 credit providers 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, financial condition 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 condition 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.
- NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions and on the value of NEE's limited partner interest in NEP OpCo.
- Disruptions, uncertainty or volatility in the credit and capital markets may exert downward pressure on the market price of NEE's common stock.

### **Coronavirus Pandemic Risks**

- The coronavirus pandemic may have a material adverse impact on NEE's and FPL's business, financial condition, liquidity and results of operations.

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, 2019 (2019 Form 10-K) and Part II, Item 1A. Risk Factors in this Form 10-Q, and investors should refer to those sections of the 2019 Form 10-K and this Form 10-Q. 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.

**Website Access to 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' or affiliates' websites) are not incorporated by reference into this combined Form 10-Q.

# **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<br>March 31, |          |
|-------------------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                             | 2020                            | 2019     |
| OPERATING REVENUES                                                                                          | \$ 4,613                        | \$ 4,075 |
| OPERATING EXPENSES (INCOME)                                                                                 |                                 |          |
| Fuel, purchased power and interchange                                                                       | 821                             | 967      |
| Other operations and maintenance                                                                            | 830                             | 815      |
| Depreciation and amortization                                                                               | 848                             | 772      |
| Gains on disposal of businesses/assets - net                                                                | (273)                           | (26)     |
| Taxes other than income taxes and other - net                                                               | 406                             | 412      |
| Total operating expenses - net                                                                              | 2,632                           | 2,940    |
| OPERATING INCOME                                                                                            | 1,981                           | 1,135    |
| OTHER INCOME (DEDUCTIONS)                                                                                   |                                 |          |
| Interest expense                                                                                            | (1,311)                         | (714)    |
| Equity in earnings (losses) of equity method investees                                                      | (390)                           | 16       |
| Allowance for equity funds used during construction                                                         | 22                              | 26       |
| Interest income                                                                                             | 13                              | 12       |
| Gains on disposal of investments and other property - net                                                   | 24                              | 23       |
| Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net | (328)                           | 117      |
| Other net periodic benefit income                                                                           | 52                              | 51       |
| Other - net                                                                                                 | 10                              | 14       |
| Total other income (deductions) - net                                                                       | (1,908)                         | (455)    |
| INCOME BEFORE INCOME TAXES                                                                                  | 73                              | 680      |
| INCOME TAX EXPENSE (BENEFIT)                                                                                | (235)                           | 74       |
| NET INCOME                                                                                                  | 308                             | 606      |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS                                                           | 113                             | 74       |
| NET INCOME ATTRIBUTABLE TO NEE                                                                              | \$ 421                          | \$ 680   |
| Earnings per share attributable to NEE:                                                                     |                                 |          |
| Basic                                                                                                       | \$ 0.86                         | \$ 1.42  |
| Assuming dilution                                                                                           | \$ 0.86                         | \$ 1.41  |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

**NEXTERA ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(millions)  
(unaudited)

|                                                                                                                                                                                       | Three Months Ended<br>March 31, |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------|
|                                                                                                                                                                                       | 2020                            | 2019   |
| NET INCOME                                                                                                                                                                            | \$ 308                          | \$ 606 |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX                                                                                                                                         |                                 |        |
| Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive income (loss) to net income (net of \$1 tax benefit and \$3 tax expense, respectively) | 2                               | 10     |
| Net unrealized gains (losses) on available for sale securities:                                                                                                                       |                                 |        |
| Net unrealized gains (losses) on securities still held (net of \$4 tax benefit and \$3 tax expense, respectively)                                                                     | (8)                             | 8      |
| Reclassification from accumulated other comprehensive income (loss) to net income (net of less than \$1 and \$1 tax expense, respectively)                                            | (1)                             | 2      |
| Defined benefit pension and other benefits plans:                                                                                                                                     |                                 |        |
| Net unrealized gain (loss) and unrecognized prior service benefit (cost) (net of \$16 tax benefit)                                                                                    | —                               | (52)   |
| Reclassification from accumulated other comprehensive income (loss) to net income (net of less than \$1 and less than \$1 tax benefit, respectively)                                  | 3                               | (1)    |
| Net unrealized gains (losses) on foreign currency translation                                                                                                                         | (35)                            | 10     |
| Other comprehensive income (loss) related to equity method investees (net of less than \$1 tax benefit)                                                                               | —                               | (1)    |
| Total other comprehensive loss, net of tax                                                                                                                                            | (39)                            | (24)   |
| IMPACT OF DISPOSAL OF A BUSINESS (NET OF \$19 TAX BENEFIT)                                                                                                                            | 10                              | —      |
| COMPREHENSIVE INCOME                                                                                                                                                                  | 279                             | 582    |
| COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS                                                                                                                           | 119                             | 74     |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE                                                                                                                                              | \$ 398                          | \$ 656 |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

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

|                                                                                                          | March 31,<br>2020        | December 31,<br>2019     |
|----------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                                                                     |                          |                          |
| Electric plant in service and other property                                                             | \$ 97,717                | \$ 96,093                |
| Nuclear fuel                                                                                             | 1,839                    | 1,755                    |
| Construction work in progress                                                                            | 10,201                   | 9,330                    |
| Accumulated depreciation and amortization                                                                | (25,884)                 | (25,168)                 |
| Total property, plant and equipment - net (\$11,916 and \$11,893 related to VIEs, respectively)          | <u>83,873</u>            | <u>82,010</u>            |
| <b>CURRENT ASSETS</b>                                                                                    |                          |                          |
| Cash and cash equivalents                                                                                | 3,335                    | 600                      |
| Customer receivables, net of allowances of \$19 and \$19, respectively                                   | 2,068                    | 2,282                    |
| Other receivables                                                                                        | 553                      | 525                      |
| Materials, supplies and fossil fuel inventory                                                            | 1,371                    | 1,328                    |
| Regulatory assets                                                                                        | 349                      | 335                      |
| Derivatives                                                                                              | 994                      | 762                      |
| Other                                                                                                    | 1,055                    | 1,576                    |
| Total current assets                                                                                     | <u>9,725</u>             | <u>7,408</u>             |
| <b>OTHER ASSETS</b>                                                                                      |                          |                          |
| Special use funds                                                                                        | 6,113                    | 6,954                    |
| Investment in equity method investees                                                                    | 6,862                    | 7,453                    |
| Prepaid benefit costs                                                                                    | 1,471                    | 1,437                    |
| Regulatory assets                                                                                        | 3,246                    | 3,287                    |
| Derivatives                                                                                              | 1,936                    | 1,624                    |
| Goodwill                                                                                                 | 4,201                    | 4,204                    |
| Other                                                                                                    | 3,210                    | 3,314                    |
| Total other assets                                                                                       | <u>27,039</u>            | <u>28,273</u>            |
| <b>TOTAL ASSETS</b>                                                                                      | <u><b>\$ 120,637</b></u> | <u><b>\$ 117,691</b></u> |
| <b>CAPITALIZATION</b>                                                                                    |                          |                          |
| Common stock (\$0.01 par value, authorized shares - 800; outstanding shares - 489 and 489, respectively) | \$ 5                     | \$ 5                     |
| Additional paid-in capital                                                                               | 11,668                   | 11,970                   |
| Retained earnings                                                                                        | 24,922                   | 25,199                   |
| Accumulated other comprehensive loss                                                                     | (192)                    | (169)                    |
| Total common shareholders' equity                                                                        | <u>36,403</u>            | <u>37,005</u>            |
| Noncontrolling interests (\$4,467 and \$4,350 related to VIEs, respectively)                             | 4,472                    | 4,355                    |
| Total equity                                                                                             | <u>40,875</u>            | <u>41,360</u>            |
| Redeemable noncontrolling interests                                                                      | 238                      | 487                      |
| Long-term debt (\$490 and \$498 related to VIEs, respectively)                                           | <u>41,116</u>            | <u>37,543</u>            |
| Total capitalization                                                                                     | <u>82,229</u>            | <u>79,390</u>            |
| <b>CURRENT LIABILITIES</b>                                                                               |                          |                          |
| Commercial paper                                                                                         | 1,576                    | 2,516                    |
| Other short-term debt                                                                                    | 2,025                    | 400                      |
| Current portion of long-term debt (\$27 and \$27 related to VIEs, respectively)                          | 2,489                    | 2,124                    |
| Accounts payable                                                                                         | 3,350                    | 3,631                    |
| Customer deposits                                                                                        | 502                      | 499                      |
| Accrued interest and taxes                                                                               | 711                      | 558                      |
| Derivatives                                                                                              | 448                      | 344                      |
| Accrued construction-related expenditures                                                                | 887                      | 1,152                    |
| Regulatory liabilities                                                                                   | 312                      | 320                      |
| Other                                                                                                    | 1,422                    | 2,309                    |
| Total current liabilities                                                                                | <u>13,722</u>            | <u>13,853</u>            |
| <b>OTHER LIABILITIES AND DEFERRED CREDITS</b>                                                            |                          |                          |
| Asset retirement obligations                                                                             | 3,479                    | 3,457                    |
| Deferred income taxes                                                                                    | 8,082                    | 8,361                    |
| Regulatory liabilities                                                                                   | 9,282                    | 9,936                    |
| Derivatives                                                                                              | 1,856                    | 863                      |
| Other                                                                                                    | 1,987                    | 1,831                    |
| Total other liabilities and deferred credits                                                             | <u>24,686</u>            | <u>24,448</u>            |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                                                     |                          |                          |
| <b>TOTAL CAPITALIZATION AND LIABILITIES</b>                                                              | <u><b>\$ 120,637</b></u> | <u><b>\$ 117,691</b></u> |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

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

|                                                                                             | Three Months Ended March 31, |          |
|---------------------------------------------------------------------------------------------|------------------------------|----------|
|                                                                                             | 2020                         | 2019     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                 |                              |          |
| Net income                                                                                  | \$ 308                       | \$ 606   |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                              |          |
| Depreciation and amortization                                                               | 848                          | 772      |
| Nuclear fuel and other amortization                                                         | 74                           | 90       |
| Unrealized losses on marked to market derivative contracts – net                            | 563                          | 386      |
| Foreign currency transaction gains                                                          | (39)                         | (5)      |
| Deferred income taxes                                                                       | (180)                        | 220      |
| Cost recovery clauses and franchise fees                                                    | (10)                         | (41)     |
| Equity in losses (earnings) of equity method investees                                      | 390                          | (16)     |
| Distributions of earnings from equity method investees                                      | 100                          | 84       |
| Gains on disposal of businesses, assets and investments – net                               | (297)                        | (49)     |
| Other - net                                                                                 | 311                          | (112)    |
| Changes in operating assets and liabilities:                                                |                              |          |
| Current assets                                                                              | 142                          | 283      |
| Noncurrent assets                                                                           | (56)                         | (123)    |
| Current liabilities                                                                         | (245)                        | (514)    |
| Noncurrent liabilities                                                                      | (15)                         | 16       |
| Net cash provided by operating activities                                                   | 1,894                        | 1,597    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                 |                              |          |
| Capital expenditures of FPL                                                                 | (1,394)                      | (1,104)  |
| Acquisition and capital expenditures of Gulf Power                                          | (340)                        | (4,551)  |
| Independent power and other investments of NEER                                             | (1,492)                      | (1,162)  |
| Nuclear fuel purchases                                                                      | (57)                         | (97)     |
| Other capital expenditures, acquisitions and other investments                              | (1)                          | (115)    |
| Proceeds from sale or maturity of securities in special use funds and other investments     | 1,081                        | 966      |
| Purchases of securities in special use funds and other investments                          | (1,084)                      | (1,019)  |
| Other - net                                                                                 | 152                          | 137      |
| Net cash used in investing activities                                                       | (3,135)                      | (6,945)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                 |                              |          |
| Issuances of long-term debt                                                                 | 4,354                        | 2,768    |
| Retirements of long-term debt                                                               | (312)                        | (166)    |
| Net change in commercial paper                                                              | (940)                        | (448)    |
| Proceeds from other short-term debt                                                         | 1,625                        | —        |
| Repayments of other short-term debt                                                         | —                            | (50)     |
| Payments from (to) related parties under a cash sweep and credit support agreement – net    | 48                           | (24)     |
| Issuances of common stock/equity units - net                                                | (57)                         | 20       |
| Dividends on common stock                                                                   | (685)                        | (598)    |
| Other - net                                                                                 | (72)                         | (75)     |
| Net cash provided by financing activities                                                   | 3,961                        | 1,427    |
| Effects of currency translation on cash, cash equivalents and restricted cash               | 6                            | 9        |
| Net increase (decrease) in cash, cash equivalents and restricted cash                       | 2,726                        | (3,912)  |
| Cash, cash equivalents and restricted cash at beginning of period                           | 1,108                        | 5,253    |
| Cash, cash equivalents and restricted cash at end of period                                 | \$ 3,834                     | \$ 1,341 |
| <b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>                  |                              |          |
| Accrued property additions                                                                  | \$ 3,194                     | \$ 1,874 |
| Increase in property, plant and equipment related to an acquisition                         | \$ 353                       | \$ —     |
| Decrease in joint venture investments related to an acquisition                             | \$ 145                       | \$ —     |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

**NEXTERA ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(millions, except per share amounts)  
(unaudited)

|                                                        | Common Stock |                        | Additional<br>Paid-In<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Retained<br>Earnings | Total<br>Common<br>Shareholders'<br>Equity | Non-<br>controlling<br>Interests | Total<br>Equity |
|--------------------------------------------------------|--------------|------------------------|----------------------------------|--------------------------------------------------------|----------------------|--------------------------------------------|----------------------------------|-----------------|
|                                                        | Shares       | Aggregate<br>Par Value |                                  |                                                        |                      |                                            |                                  |                 |
| Balances, December 31, 2019                            | 489          | \$ 5                   | \$ 11,970                        | \$ (169)                                               | \$ 25,199            | \$ 37,005                                  | \$ 4,355                         | \$ 41,360       |
| Net income (loss)                                      | —            | —                      | —                                | —                                                      | 421                  | 421                                        | (112)                            |                 |
| Premium on equity units                                | —            | —                      | (253)                            | —                                                      | —                    | (253)                                      | —                                |                 |
| Share-based payment activity                           | —            | —                      | 4                                | —                                                      | —                    | 4                                          | —                                |                 |
| Dividends on common stock <sup>(a)</sup>               | —            | —                      | —                                | —                                                      | (685)                | (685)                                      | —                                |                 |
| Other comprehensive loss                               | —            | —                      | —                                | (33)                                                   | —                    | (33)                                       | (6)                              |                 |
| Issuances of common stock/equity units - net           | —            | —                      | (51)                             | —                                                      | —                    | (51)                                       | —                                |                 |
| Impact of disposal of a business <sup>(b)</sup>        | —            | —                      | —                                | 10                                                     | —                    | 10                                         | —                                |                 |
| Adoption of accounting standards update <sup>(c)</sup> | —            | —                      | —                                | —                                                      | (11)                 | (11)                                       | —                                |                 |
| Other differential membership interests activity       | —            | —                      | (2)                              | —                                                      | —                    | (2)                                        | 219                              |                 |
| Other                                                  | —            | —                      | —                                | —                                                      | (2)                  | (2)                                        | 16                               |                 |
| Balances, March 31, 2020                               | 489          | \$ 5                   | \$ 11,668                        | \$ (192)                                               | \$ 24,922            | \$ 36,403                                  | \$ 4,472                         | \$ 40,875       |

(a) Dividends per share were \$1.40 for the three months ended March 31, 2020.

(b) See Note 11 - Disposal of a Business.

(c) See Note 11 - Measurement of Credit Losses on Financial Instruments.

|                                                  | Common Stock |                        | Additional<br>Paid-In<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Retained<br>Earnings | Total<br>Common<br>Shareholders'<br>Equity | Non-<br>controlling<br>Interests | Total<br>Equity |
|--------------------------------------------------|--------------|------------------------|----------------------------------|--------------------------------------------------------|----------------------|--------------------------------------------|----------------------------------|-----------------|
|                                                  | Shares       | Aggregate<br>Par Value |                                  |                                                        |                      |                                            |                                  |                 |
| Balances, December 31, 2018                      | 478          | \$ 5                   | \$ 10,490                        | \$ (188)                                               | \$ 23,837            | \$ 34,144                                  | \$ 3,269                         | \$ 37,413       |
| Net income (loss)                                | —            | —                      | —                                | —                                                      | 680                  | 680                                        | (74)                             |                 |
| Share-based payment activity                     | 1            | —                      | 30                               | —                                                      | —                    | 30                                         | —                                |                 |
| Dividends on common stock <sup>(a)</sup>         | —            | —                      | —                                | —                                                      | (598)                | (598)                                      | —                                |                 |
| Other comprehensive loss                         | —            | —                      | —                                | (24)                                                   | —                    | (24)                                       | —                                |                 |
| Other differential membership interests activity | —            | —                      | —                                | —                                                      | —                    | —                                          | 389                              |                 |
| Other                                            | —            | —                      | (5)                              | (1)                                                    | —                    | (6)                                        | 30                               |                 |
| Balances, March 31, 2019                         | 479          | \$ 5                   | \$ 10,515                        | \$ (213)                                               | \$ 23,919            | \$ 34,226                                  | \$ 3,614                         | \$ 37,840       |

(a) Dividends per share were \$1.25 for the three months ended March 31, 2019.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(millions)  
(unaudited)

|                                                     | Three Months Ended<br>March 31, |                 |
|-----------------------------------------------------|---------------------------------|-----------------|
|                                                     | 2020                            | 2019            |
| OPERATING REVENUES                                  | <b>\$ 2,540</b>                 | <b>\$ 2,618</b> |
| OPERATING EXPENSES (INCOME)                         |                                 |                 |
| Fuel, purchased power and interchange               | <b>586</b>                      | 729             |
| Other operations and maintenance                    | <b>317</b>                      | 340             |
| Depreciation and amortization                       | <b>402</b>                      | 375             |
| Taxes other than income taxes and other - net       | <b>320</b>                      | 317             |
| Total operating expenses - net                      | <b>1,625</b>                    | 1,761           |
| OPERATING INCOME                                    | <b>915</b>                      | 857             |
| OTHER INCOME (DEDUCTIONS)                           |                                 |                 |
| Interest expense                                    | <b>(152)</b>                    | (139)           |
| Allowance for equity funds used during construction | <b>16</b>                       | 24              |
| Other - net                                         | <b>—</b>                        | 2               |
| Total other deductions - net                        | <b>(136)</b>                    | (113)           |
| INCOME BEFORE INCOME TAXES                          | <b>779</b>                      | 744             |
| INCOME TAXES                                        | <b>137</b>                      | 156             |
| NET INCOME <sup>(a)</sup>                           | <b>\$ 642</b>                   | <b>\$ 588</b>   |

(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 2019 Form 10-K.

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

|                                                                              | March 31,<br>2020 | December 31,<br>2019 |
|------------------------------------------------------------------------------|-------------------|----------------------|
| <b>ELECTRIC UTILITY PLANT AND OTHER PROPERTY</b>                             |                   |                      |
| Plant in service and other property                                          | \$ 55,481         | \$ 54,523            |
| Nuclear fuel                                                                 | 1,221             | 1,153                |
| Construction work in progress                                                | 3,326             | 3,351                |
| Accumulated depreciation and amortization                                    | (14,232)          | (13,953)             |
| Total electric utility plant and other property - net                        | 45,796            | 45,074               |
| <b>CURRENT ASSETS</b>                                                        |                   |                      |
| Cash and cash equivalents                                                    | 1,001             | 77                   |
| Customer receivables, net of allowances of \$5 and \$3, respectively         | 963               | 1,024                |
| Other receivables                                                            | 359               | 333                  |
| Materials, supplies and fossil fuel inventory                                | 754               | 722                  |
| Regulatory assets                                                            | 237               | 227                  |
| Other                                                                        | 180               | 136                  |
| Total current assets                                                         | 3,494             | 2,519                |
| <b>OTHER ASSETS</b>                                                          |                   |                      |
| Special use funds                                                            | 4,236             | 4,771                |
| Prepaid benefit costs                                                        | 1,496             | 1,477                |
| Regulatory assets                                                            | 2,506             | 2,549                |
| Goodwill                                                                     | 300               | 300                  |
| Other                                                                        | 489               | 498                  |
| Total other assets                                                           | 9,027             | 9,595                |
| <b>TOTAL ASSETS</b>                                                          | <b>\$ 58,317</b>  | <b>\$ 57,188</b>     |
| <b>CAPITALIZATION</b>                                                        |                   |                      |
| Common stock (no par value, 1,000 shares authorized, issued and outstanding) | \$ 1,373          | \$ 1,373             |
| Additional paid-in capital                                                   | 12,051            | 10,851               |
| Retained earnings                                                            | 9,816             | 9,174                |
| Total common shareholder's equity                                            | 23,240            | 21,398               |
| Long-term debt                                                               | 15,401            | 14,131               |
| Total capitalization                                                         | 38,641            | 35,529               |
| <b>CURRENT LIABILITIES</b>                                                   |                   |                      |
| Commercial paper                                                             | 210               | 1,482                |
| Current portion of long-term debt                                            | 21                | 30                   |
| Accounts payable                                                             | 722               | 768                  |
| Customer deposits                                                            | 461               | 459                  |
| Accrued interest and taxes                                                   | 415               | 266                  |
| Accrued construction-related expenditures                                    | 288               | 426                  |
| Regulatory liabilities                                                       | 283               | 284                  |
| Other                                                                        | 422               | 510                  |
| Total current liabilities                                                    | 2,822             | 4,225                |
| <b>OTHER LIABILITIES AND DEFERRED CREDITS</b>                                |                   |                      |
| Asset retirement obligations                                                 | 2,293             | 2,268                |
| Deferred income taxes                                                        | 5,534             | 5,415                |
| Regulatory liabilities                                                       | 8,622             | 9,296                |
| Other                                                                        | 405               | 455                  |
| Total other liabilities and deferred credits                                 | 16,854            | 17,434               |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                         |                   |                      |
| <b>TOTAL CAPITALIZATION AND LIABILITIES</b>                                  | <b>\$ 58,317</b>  | <b>\$ 57,188</b>     |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)  
(unaudited)

|                                                                                             | Three Months Ended<br>March 31, |         |
|---------------------------------------------------------------------------------------------|---------------------------------|---------|
|                                                                                             | 2020                            | 2019    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                 |                                 |         |
| Net income                                                                                  | \$ 642                          | \$ 588  |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                 |         |
| Depreciation and amortization                                                               | 402                             | 375     |
| Nuclear fuel and other amortization                                                         | 42                              | 45      |
| Deferred income taxes                                                                       | 212                             | 203     |
| Cost recovery clauses and franchise fees                                                    | —                               | (27)    |
| Other - net                                                                                 | (16)                            | 10      |
| Changes in operating assets and liabilities:                                                |                                 |         |
| Current assets                                                                              | 36                              | (35)    |
| Noncurrent assets                                                                           | (23)                            | (19)    |
| Current liabilities                                                                         | (53)                            | 31      |
| Noncurrent liabilities                                                                      | (31)                            | (35)    |
| Net cash provided by operating activities                                                   | 1,211                           | 1,136   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                 |                                 |         |
| Capital expenditures                                                                        | (1,394)                         | (1,104) |
| Nuclear fuel purchases                                                                      | (42)                            | (36)    |
| Proceeds from sale or maturity of securities in special use funds                           | 657                             | 562     |
| Purchases of securities in special use funds                                                | (666)                           | (596)   |
| Other - net                                                                                 | (13)                            | 1       |
| Net cash used in investing activities                                                       | (1,458)                         | (1,173) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                 |                                 |         |
| Issuances of long-term debt                                                                 | 1,558                           | 643     |
| Retirements of long-term debt                                                               | (284)                           | (39)    |
| Net change in commercial paper                                                              | (1,271)                         | (860)   |
| Capital contributions from NEE                                                              | 1,200                           | 250     |
| Other - net                                                                                 | (18)                            | (12)    |
| Net cash provided by (used in) financing activities                                         | 1,185                           | (18)    |
| Net increase (decrease) in cash, cash equivalents and restricted cash                       | 938                             | (55)    |
| Cash, cash equivalents and restricted cash at beginning of period                           | 195                             | 254     |
| Cash, cash equivalents and restricted cash at end of period                                 | \$ 1,133                        | \$ 199  |
| <b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>                  |                                 |         |
| Accrued property additions                                                                  | \$ 552                          | \$ 585  |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY**  
(millions)  
(unaudited)

|                                | Common<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Common<br>Shareholder's<br>Equity |
|--------------------------------|-----------------|----------------------------------|----------------------|-----------------------------------|
| Balances, December 31, 2019    | \$ 1,373        | \$ 10,851                        | \$ 9,174             | \$ 21,398                         |
| Net income                     | —               | —                                | 642                  |                                   |
| Capital contributions from NEE | —               | 1,200                            | —                    |                                   |
| Balances, March 31, 2020       | <u>\$ 1,373</u> | <u>\$ 12,051</u>                 | <u>\$ 9,816</u>      | <u>\$ 23,240</u>                  |

|                                | Common<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Common<br>Shareholder's<br>Equity |
|--------------------------------|-----------------|----------------------------------|----------------------|-----------------------------------|
| Balances, December 31, 2018    | \$ 1,373        | \$ 10,601                        | \$ 9,040             | \$ 21,014                         |
| Net income                     | —               | —                                | 588                  |                                   |
| Capital contributions from NEE | —               | 250                              | —                    |                                   |
| Other                          | —               | 1                                | —                    |                                   |
| Balances, March 31, 2019       | <u>\$ 1,373</u> | <u>\$ 10,852</u>                 | <u>\$ 9,628</u>      | <u>\$ 21,853</u>                  |

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2019 Form 10-K.

**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 2019 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. The results of operations for an interim period generally will not give a true indication of results for the year.

## **1. Revenue from Contracts with Customers**

FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers, as well as derivative and lease transactions at NEER. For the vast majority of contracts with customers, NEE believes that the obligation to deliver energy, capacity or transmission is satisfied over time as the customer simultaneously receives and consumes benefits as NEE performs. NEE's revenue from contracts with customers was approximately \$3.9 billion (\$2.5 billion at FPL) and \$3.8 billion (\$2.6 billion at FPL) for the three months ended March 31, 2020 and 2019, respectively. NEE's and FPL's receivables are primarily associated with revenues earned from contracts with customers, as well as derivative and lease transactions at NEER, and consist of both billed and unbilled amounts, which are recorded in customer receivables and other receivables on NEE's and FPL's condensed consolidated balance sheets. Receivables represent unconditional rights to consideration and reflect the differences in timing of revenue recognition and cash collections. For substantially all of NEE's and FPL's receivables, regardless of the type of revenue transaction from which the receivable originated, customer and counterparty credit risk is managed in the same manner and the terms and conditions of payment are similar.

*FPL* - FPL's revenues are derived primarily from tariff-based sales that result from providing electricity to retail customers in Florida with no defined contractual term. Electricity sales to retail customers account for approximately 90% of FPL's operating revenues, the majority of which are to residential customers. FPL's retail customers receive a bill monthly based on the amount of monthly kWh usage with payment due monthly. For these types of sales, FPL recognizes revenue as electricity is delivered and billed to customers, as well as an estimate for electricity delivered and not yet billed. The billed and unbilled amounts represent the value of electricity delivered to the customer. At March 31, 2020 and December 31, 2019, FPL's unbilled revenues amounted to approximately \$434 million and \$389 million, respectively, and are included in customer receivables on NEE's and FPL's condensed consolidated balance sheets.

*NEER* - NEER's revenue from contracts with customers is derived primarily from the sale of energy commodities, electric capacity and electric transmission. For these types of sales, NEER recognizes revenue as energy commodities are delivered and as electric capacity and electric transmission are made available, consistent with the amounts billed to customers based on rates stipulated in the respective contracts as well as an accrual for amounts earned but not yet billed. The amounts billed and accrued represent the value of energy or transmission delivered and/or the capacity of energy or transmission available to the customer. Revenues yet to be earned under these contracts, which have maturity dates ranging from 2020 to 2053, will vary based on the volume of energy or transmission delivered and/or available. NEER's customers typically receive bills monthly with payment due within 30 days. Certain contracts with customers contain a fixed price which primarily relate to electric capacity sales associated with ISO annual auctions through 2024 and certain power purchase agreements with maturity dates through 2034. At March 31, 2020, NEER expects to record approximately \$965 million of revenues related to the fixed price components of such contracts over the remaining terms of the related contracts as the capacity is provided.

## **2. NEP**

NextEra Energy Resources provides management, administrative and transportation and fuel management services to NEP and its subsidiaries under various agreements (service agreements). NextEra Energy Resources is also party to a cash sweep and credit support (CSCS) agreement with a subsidiary of NEP. At March 31, 2020 and December 31, 2019, the cash sweep amounts (due to NEP and its subsidiaries) held in accounts belonging to NextEra Energy Resources or its subsidiaries were approximately \$60 million and \$12 million, respectively, and are included in accounts payable. Fee income totaling approximately \$28 million and \$24 million for the three months ended March 31, 2020 and 2019, respectively, related to the CSCS agreement and the service agreements and is included in operating revenues in NEE's condensed consolidated statements of income. Amounts due from NEP of approximately \$71 million and \$53 million are included in other receivables and \$32 million and \$33 million are included in noncurrent other assets at March 31, 2020 and December 31, 2019, respectively. Under the CSCS agreement, NEECH or NextEra Energy Resources guaranteed or provided indemnifications, letters of credit or surety bonds totaling approximately \$656 million at March 31, 2020 primarily related to obligations on behalf of NEP's subsidiaries with maturity dates ranging from 2020 to 2059 and included certain project performance obligations, obligations under financing and interconnection agreements and obligations related to the sale of differential membership interests. Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded on NEE's condensed consolidated balance sheets at fair value. At March 31, 2020, approximately \$31 million related to the fair value of the credit support provided under the CSCS agreement is recorded as noncurrent other liabilities on NEE's condensed consolidated balance sheet.

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

Summarized financial information of NEP is as follows:

|                              | Three Months Ended March 31, |          |
|------------------------------|------------------------------|----------|
|                              | 2020                         | 2019     |
|                              | (millions)                   |          |
| Operating revenues           | \$ 212                       | \$ 177   |
| Operating income             | \$ 49                        | \$ 34    |
| Net loss                     | \$ (720)                     | \$ (121) |
| Net loss attributable to NEP | \$ (222)                     | \$ (22)  |

### 3. Employee Retirement Benefits

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries and sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements.

The components of net periodic income for the plans are as follows:

|                                             | Pension Benefits             |         | Postretirement Benefits      |        |
|---------------------------------------------|------------------------------|---------|------------------------------|--------|
|                                             | Three Months Ended March 31, |         | Three Months Ended March 31, |        |
|                                             | 2020                         | 2019    | 2020                         | 2019   |
|                                             | (millions)                   |         |                              |        |
| Service cost                                | \$ 21                        | \$ 20   | \$ —                         | \$ —   |
| Interest cost                               | 23                           | 29      | 2                            | 3      |
| Expected return on plan assets              | (80)                         | (79)    | —                            | —      |
| Amortization of prior service benefit       | —                            | —       | (4)                          | (4)    |
| Amortization of actuarial loss              | 4                            | —       | 1                            | —      |
| Special termination benefits <sup>(a)</sup> | 2                            | —       | —                            | —      |
| Net periodic income at NEE                  | \$ (30)                      | \$ (30) | \$ (1)                       | \$ (1) |
| Net periodic income allocated to FPL        | \$ (19)                      | \$ (18) | \$ (1)                       | \$ (1) |

(a) Reflects enhanced early retirement benefits.

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#### **4. Derivative Instruments**

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated primarily with outstanding and expected future debt issuances and borrowings, and to optimize the value of NEER's power generation and gas infrastructure assets. NEE and FPL do not utilize hedge accounting for their cash flow and fair value hedges.

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 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 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 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 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.

For interest rate and foreign currency derivative instruments, all changes in the derivatives' fair value, as well as the transaction gain or loss on foreign denominated debt, are recognized in interest 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. In addition, for the three months ended March 31, 2020 and March 31, 2019, NEE reclassified from AOCI approximately \$23 million (\$3 million after tax) to gains on disposal of businesses/assets - net (see Note 11 - Disposal of a Business) and \$6 million (\$5 million after tax) to interest expense, respectively, because it became probable that related future transactions being hedged would not occur. At March 31, 2020, NEE's AOCI included amounts related to discontinued interest rate cash flow hedges with expiration dates through March 2035 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately \$8 million of net losses included in AOCI at March 31, 2020 are 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 scheduled principal payments.

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*Fair Value of Derivative Instruments* - The tables below present NEE's and FPL's gross derivative positions at March 31, 2020 and December 31, 2019, 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 5 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the condensed consolidated balance sheets.

|                                                | March 31, 2020  |                 |                 |                 |
|------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                | Gross Basis     |                 | Net Basis       |                 |
|                                                | Assets          | Liabilities     | Assets          | Liabilities     |
|                                                | (millions)      |                 |                 |                 |
| NEE:                                           |                 |                 |                 |                 |
| Commodity contracts                            | \$ 6,367        | \$ 4,103        | \$ 2,900        | \$ 710          |
| Interest rate contracts                        | 39              | 1,517           | 9               | 1,487           |
| Foreign currency contracts                     | 21              | 107             | 21              | 107             |
| Total fair values                              | <u>\$ 6,427</u> | <u>\$ 5,727</u> | <u>\$ 2,930</u> | <u>\$ 2,304</u> |
| FPL:                                           |                 |                 |                 |                 |
| Commodity contracts                            | <u>\$ 5</u>     | <u>\$ 17</u>    | <u>\$ 3</u>     | <u>\$ 15</u>    |
| Net fair value by NEE balance sheet line item: |                 |                 |                 |                 |
| Current derivative assets <sup>(a)</sup>       |                 |                 | \$ 994          |                 |
| Noncurrent derivative assets <sup>(b)</sup>    |                 |                 | 1,936           |                 |
| Current derivative liabilities <sup>(c)</sup>  |                 |                 |                 | \$ 448          |
| Noncurrent derivative liabilities              |                 |                 |                 | 1,856           |
| Total derivatives                              |                 |                 | <u>\$ 2,930</u> | <u>\$ 2,304</u> |
| Net fair value by FPL balance sheet line item: |                 |                 |                 |                 |
| Current other assets                           |                 |                 | \$ 3            |                 |
| Current other liabilities                      |                 |                 |                 | \$ 15           |
| Total derivatives                              |                 |                 | <u>\$ 3</u>     | <u>\$ 15</u>    |

- (a) Reflects the netting of approximately \$27 million in margin cash collateral received from counterparties.  
(b) Reflects the netting of approximately \$160 million in margin cash collateral received from counterparties.  
(c) Reflects the netting of approximately \$113 million in margin cash collateral paid to counterparties.

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|                                                       | December 31, 2019 |                 |                 |                 |
|-------------------------------------------------------|-------------------|-----------------|-----------------|-----------------|
|                                                       | Gross Basis       |                 | Net Basis       |                 |
|                                                       | Assets            | Liabilities     | Assets          | Liabilities     |
|                                                       | (millions)        |                 |                 |                 |
| <b>NEE:</b>                                           |                   |                 |                 |                 |
| Commodity contracts                                   | \$ 5,050          | \$ 3,201        | \$ 2,350        | \$ 576          |
| Interest rate contracts                               | 26                | 742             | 9               | 725             |
| Foreign currency contracts                            | 26                | 38              | 27              | 39              |
| <b>Total fair values</b>                              | <b>\$ 5,102</b>   | <b>\$ 3,981</b> | <b>\$ 2,386</b> | <b>\$ 1,340</b> |
| <b>FPL:</b>                                           |                   |                 |                 |                 |
| Commodity contracts                                   | \$ 4              | \$ 14           | \$ 3            | \$ 13           |
| <b>Net fair value by NEE balance sheet line item:</b> |                   |                 |                 |                 |
| Current derivative assets <sup>(a)</sup>              |                   |                 | \$ 762          |                 |
| Noncurrent derivative assets <sup>(b)</sup>           |                   |                 | 1,624           |                 |
| Current derivative liabilities <sup>(c)</sup>         |                   |                 |                 | \$ 344          |
| Current other liabilities <sup>(d)</sup>              |                   |                 |                 | 133             |
| Noncurrent derivative liabilities                     |                   |                 |                 | 863             |
| <b>Total derivatives</b>                              |                   |                 | <b>\$ 2,386</b> | <b>\$ 1,340</b> |
| <b>Net fair value by FPL balance sheet line item:</b> |                   |                 |                 |                 |
| Current other assets                                  |                   |                 | \$ 3            |                 |
| Current other liabilities                             |                   |                 |                 | \$ 12           |
| Noncurrent other liabilities                          |                   |                 |                 | 1               |
| <b>Total derivatives</b>                              |                   |                 | <b>\$ 3</b>     | <b>\$ 13</b>    |

- (a) Reflects the netting of approximately \$2 million in margin cash collateral received from counterparties.  
(b) Reflects the netting of approximately \$139 million in margin cash collateral received from counterparties.  
(c) Reflects the netting of approximately \$66 million in margin cash collateral paid to counterparties.  
(d) See Note 11 - Disposal of a Business.

At March 31, 2020 and December 31, 2019, NEE had approximately \$37 million and \$10 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 March 31, 2020 and December 31, 2019, NEE had approximately \$330 million and \$360 million (none at FPL), respectively, in margin cash collateral paid 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 derivatives are recorded in NEE's condensed consolidated statements of income as follows:

|                                                         | Three Months Ended<br>March 31, |                 |
|---------------------------------------------------------|---------------------------------|-----------------|
|                                                         | 2020                            | 2019            |
|                                                         | (millions)                      |                 |
| Commodity contracts <sup>(a)</sup> - operating revenues | \$ 625                          | \$ (4)          |
| Foreign currency contracts - interest expense           | (79)                            | (19)            |
| Interest rate contracts - interest expense              | (905)                           | (326)           |
| Losses reclassified from AOCI:                          |                                 |                 |
| Interest rate contracts <sup>(b)</sup>                  | (25)                            | (12)            |
| Foreign currency contracts - interest expense           | (1)                             | (1)             |
| <b>Total</b>                                            | <b>\$ (385)</b>                 | <b>\$ (362)</b> |

- (a) For the three months ended March 31, 2020 and 2019, FPL recorded losses of approximately \$3 million and gains of \$2 million, respectively, related to commodity contracts as regulatory assets and regulatory liabilities, respectively, on its condensed consolidated balance sheets.  
(b) For the three months ended March 31, 2020, approximately \$23 million was reclassified to gains on disposal of businesses/assets - net (see Note 11 - Disposal of a Business); remaining balances were reclassified to interest expense on NEE's condensed consolidated statements of income.

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*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 commodity contracts for the following net notional volumes:

| Commodity Type | March 31, 2020 |           | December 31, 2019 |           |
|----------------|----------------|-----------|-------------------|-----------|
|                | NEE            | FPL       | NEE               | FPL       |
|                | (millions)     |           |                   |           |
| Power          | (76) MWh       | 1 MWh     | (81) MWh          | 1 MWh     |
| Natural gas    | (158) MMBtu    | 283 MMBtu | (1,723) MMBtu     | 161 MMBtu |
| Oil            | (10) barrels   | —         | (13) barrels      | —         |

At March 31, 2020 and December 31, 2019, NEE had interest rate contracts with a net notional amount of approximately \$8.3 billion and \$8.9 billion, respectively, and foreign currency contracts with a net notional amount of approximately \$1.0 billion and \$1.0 billion, respectively.

*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 March 31, 2020 and December 31, 2019, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$2.7 billion (\$12 million for FPL) and \$1.7 billion (\$12 million for FPL), respectively.

If the credit-risk-related contingent features underlying these derivative agreements 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 derivative 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 three 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 \$150 million (none at FPL) at March 31, 2020 and \$215 million (none at FPL) at December 31, 2019. 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 \$1.1 billion (\$30 million at FPL) at March 31, 2020 and \$1.2 billion (\$35 million at FPL) at December 31, 2019. Some derivative 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 \$1.4 billion (\$60 million at FPL) at March 31, 2020 and \$590 million (\$75 million at FPL) at December 31, 2019.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At March 31, 2020 and December 31, 2019, applicable NEE subsidiaries have posted approximately \$2 million (none at FPL) and \$2 million (none at FPL), respectively, in cash and \$62 million (none at FPL) and \$88 million (none at FPL), respectively, in the form of letters of credit, each of which could be applied toward the collateral requirements described above. FPL and NEECH have capacity under their 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 whereby 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.

## 5. 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

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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 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 and Restricted Cash Equivalents* - NEE and FPL hold investments in money market funds. The fair value of these funds is estimated using a market approach based on current observable 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 a combination of market and income approaches utilizing 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 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 contracts to mitigate and adjust interest rate and foreign currency exchange exposure related primarily to certain outstanding and expected future 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 an income approach based on a discounted cash flows valuation technique utilizing the net amount of estimated future cash inflows and outflows related to the agreements.

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*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:

|                                                                  | March 31, 2020 |                         |                       |                        |                         |
|------------------------------------------------------------------|----------------|-------------------------|-----------------------|------------------------|-------------------------|
|                                                                  | Level 1        | Level 2                 | Level 3<br>(millions) | Netting <sup>(a)</sup> | Total                   |
| <b>Assets:</b>                                                   |                |                         |                       |                        |                         |
| Cash equivalents and restricted cash equivalents: <sup>(b)</sup> |                |                         |                       |                        |                         |
| NEE - equity securities                                          | \$ 3,115       | \$ —                    | \$ —                  |                        | \$ 3,115                |
| FPL - equity securities                                          | \$ 1,127       | \$ —                    | \$ —                  |                        | \$ 1,127                |
| Special use funds: <sup>(c)</sup>                                |                |                         |                       |                        |                         |
| NEE:                                                             |                |                         |                       |                        |                         |
| Equity securities                                                | \$ 1,505       | \$ 1,661 <sup>(d)</sup> | \$ —                  |                        | \$ 3,166                |
| U.S. Government and municipal bonds                              | \$ 503         | \$ 168                  | \$ —                  |                        | \$ 671                  |
| Corporate debt securities                                        | \$ 1           | \$ 732                  | \$ —                  |                        | \$ 733                  |
| Mortgage-backed securities                                       | \$ —           | \$ 505                  | \$ —                  |                        | \$ 505                  |
| Other debt securities                                            | \$ —           | \$ 107                  | \$ —                  |                        | \$ 107                  |
| FPL:                                                             |                |                         |                       |                        |                         |
| Equity securities                                                | \$ 484         | \$ 1,505 <sup>(d)</sup> | \$ —                  |                        | \$ 1,989                |
| U.S. Government and municipal bonds                              | \$ 396         | \$ 112                  | \$ —                  |                        | \$ 508                  |
| Corporate debt securities                                        | \$ —           | \$ 529                  | \$ —                  |                        | \$ 529                  |
| Mortgage-backed securities                                       | \$ —           | \$ 375                  | \$ —                  |                        | \$ 375                  |
| Other debt securities                                            | \$ —           | \$ 99                   | \$ —                  |                        | \$ 99                   |
| Other investments: <sup>(e)</sup>                                |                |                         |                       |                        |                         |
| NEE:                                                             |                |                         |                       |                        |                         |
| Equity securities                                                | \$ 30          | \$ 11                   | \$ —                  |                        | \$ 41                   |
| Debt securities                                                  | \$ 65          | \$ 79                   | \$ —                  |                        | \$ 144                  |
| Derivatives:                                                     |                |                         |                       |                        |                         |
| NEE:                                                             |                |                         |                       |                        |                         |
| Commodity contracts                                              | \$ 1,628       | \$ 2,714                | \$ 2,025              | \$ (3,467)             | \$ 2,900 <sup>(f)</sup> |
| Interest rate contracts                                          | \$ —           | \$ 39                   | \$ —                  | \$ (30)                | \$ 9 <sup>(f)</sup>     |
| Foreign currency contracts                                       | \$ —           | \$ 21                   | \$ —                  | \$ —                   | \$ 21 <sup>(f)</sup>    |
| FPL - commodity contracts                                        | \$ —           | \$ 3                    | \$ 2                  | \$ (2)                 | \$ 3 <sup>(f)</sup>     |
| Liabilities:                                                     |                |                         |                       |                        |                         |
| Derivatives:                                                     |                |                         |                       |                        |                         |
| NEE:                                                             |                |                         |                       |                        |                         |
| Commodity contracts                                              | \$ 1,838       | \$ 1,780                | \$ 485                | \$ (3,393)             | \$ 710 <sup>(f)</sup>   |
| Interest rate contracts                                          | \$ —           | \$ 1,496                | \$ 21                 | \$ (30)                | \$ 1,487 <sup>(f)</sup> |
| Foreign currency contracts                                       | \$ —           | \$ 107                  | \$ —                  | \$ —                   | \$ 107 <sup>(f)</sup>   |
| FPL - commodity contracts                                        | \$ —           | \$ 6                    | \$ 11                 | \$ (2)                 | \$ 15 <sup>(f)</sup>    |

- (a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.
- (b) Includes restricted cash equivalents of approximately \$79 million (\$77 million for FPL) in current other assets and \$55 million (\$55 million for FPL) in noncurrent other assets on the condensed consolidated balance sheets.
- (c) 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 Other than Fair Value below.
- (d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (e) Included in noncurrent other assets on NEE's condensed consolidated balance sheet.
- (f) See Note 4 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

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| December 31, 2019                                                |            |                         |          |                        |                         |
|------------------------------------------------------------------|------------|-------------------------|----------|------------------------|-------------------------|
|                                                                  | Level 1    | Level 2                 | Level 3  | Netting <sup>(a)</sup> | Total                   |
|                                                                  | (millions) |                         |          |                        |                         |
| Assets:                                                          |            |                         |          |                        |                         |
| Cash equivalents and restricted cash equivalents: <sup>(b)</sup> |            |                         |          |                        |                         |
| NEE - equity securities                                          | \$ 363     | \$ —                    | \$ —     |                        | \$ 363                  |
| FPL - equity securities                                          | \$ 156     | \$ —                    | \$ —     |                        | \$ 156                  |
| Special use funds: <sup>(c)</sup>                                |            |                         |          |                        |                         |
| NEE:                                                             |            |                         |          |                        |                         |
| Equity securities                                                | \$ 1,875   | \$ 2,088 <sup>(d)</sup> | \$ —     |                        | \$ 3,963                |
| U.S. Government and municipal bonds                              | \$ 567     | \$ 150                  | \$ —     |                        | \$ 717                  |
| Corporate debt securities                                        | \$ —       | \$ 748                  | \$ —     |                        | \$ 748                  |
| Mortgage-backed securities                                       | \$ —       | \$ 517                  | \$ —     |                        | \$ 517                  |
| Other debt securities                                            | \$ —       | \$ 117                  | \$ —     |                        | \$ 117                  |
| FPL:                                                             |            |                         |          |                        |                         |
| Equity securities                                                | \$ 596     | \$ 1,895 <sup>(d)</sup> | \$ —     |                        | \$ 2,491                |
| U.S. Government and municipal bonds                              | \$ 429     | \$ 106                  | \$ —     |                        | \$ 535                  |
| Corporate debt securities                                        | \$ —       | \$ 533                  | \$ —     |                        | \$ 533                  |
| Mortgage-backed securities                                       | \$ —       | \$ 395                  | \$ —     |                        | \$ 395                  |
| Other debt securities                                            | \$ —       | \$ 111                  | \$ —     |                        | \$ 111                  |
| Other investments: <sup>(e)</sup>                                |            |                         |          |                        |                         |
| NEE:                                                             |            |                         |          |                        |                         |
| Equity securities                                                | \$ 34      | \$ 12                   | \$ —     |                        | \$ 46                   |
| Debt securities                                                  | \$ 82      | \$ 69                   | \$ —     |                        | \$ 151                  |
| Derivatives:                                                     |            |                         |          |                        |                         |
| NEE:                                                             |            |                         |          |                        |                         |
| Commodity contracts                                              | \$ 1,229   | \$ 2,082                | \$ 1,739 | \$ (2,700)             | \$ 2,350 <sup>(f)</sup> |
| Interest rate contracts                                          | \$ —       | \$ 24                   | \$ 2     | \$ (17)                | \$ 9 <sup>(f)</sup>     |
| Foreign currency contracts                                       | \$ —       | \$ 26                   | \$ —     | \$ 1                   | \$ 27 <sup>(f)</sup>    |
| FPL - commodity contracts                                        | \$ —       | \$ 3                    | \$ 1     | \$ (1)                 | \$ 3 <sup>(f)</sup>     |
| Liabilities:                                                     |            |                         |          |                        |                         |
| Derivatives:                                                     |            |                         |          |                        |                         |
| NEE:                                                             |            |                         |          |                        |                         |
| Commodity contracts                                              | \$ 1,365   | \$ 1,446                | \$ 390   | \$ (2,625)             | \$ 576 <sup>(f)</sup>   |
| Interest rate contracts                                          | \$ —       | \$ 598                  | \$ 144   | \$ (17)                | \$ 725 <sup>(f)</sup>   |
| Foreign currency contracts                                       | \$ —       | \$ 38                   | \$ —     | \$ 1                   | \$ 39 <sup>(f)</sup>    |
| FPL - commodity contracts                                        | \$ —       | \$ 5                    | \$ 9     | \$ (1)                 | \$ 13 <sup>(f)</sup>    |

- (a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.
- (b) Includes restricted cash equivalents of approximately \$60 million (\$54 million for FPL) in current other assets and \$64 million (\$64 million for FPL) in noncurrent other assets on the condensed consolidated balance sheets.
- (c) 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 Other than Fair Value below.
- (d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (e) Included in noncurrent other assets on NEE's condensed consolidated balance sheet.
- (f) See Note 4 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

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*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, block-to-hourly price shaping, 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.

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at March 31, 2020 are as follows:

| Transaction Type                                   | Fair Value at<br>March 31, 2020 |               | Valuation<br>Technique(s) | Significant<br>Unobservable Inputs     | Range         | Weighted-<br>average <sup>(a)</sup> |
|----------------------------------------------------|---------------------------------|---------------|---------------------------|----------------------------------------|---------------|-------------------------------------|
|                                                    | Assets                          | Liabilities   |                           |                                        |               |                                     |
|                                                    | (millions)                      |               |                           |                                        |               |                                     |
| Forward contracts - power                          | \$ 864                          | \$ 111        | Discounted cash flow      | Forward price (per MWh)                | \$2 — \$194   | \$26                                |
| Forward contracts - gas                            | 271                             | 22            | Discounted cash flow      | Forward price (per MMBtu)              | \$1 — \$6     | \$2                                 |
| Forward contracts - congestion                     | 21                              | 4             | Discounted cash flow      | Forward price (per MWh)                | \$(13) — \$32 | \$—                                 |
| Options - power                                    | 33                              | 10            | Option models             | Implied correlations                   | 31% — 84%     | 50%                                 |
|                                                    |                                 |               |                           | Implied volatilities                   | 13% — 295%    | 45%                                 |
| Options - primarily gas                            | 238                             | 248           | Option models             | Implied correlations                   | 31% — 100%    | 53%                                 |
|                                                    |                                 |               |                           | Implied volatilities                   | 14% — 278%    | 36%                                 |
| Full requirements and unit<br>contingent contracts | 574                             | 69            | Discounted cash flow      | Forward price (per MWh)                | \$6 — \$748   | \$46                                |
|                                                    |                                 |               |                           | Customer migration rate <sup>(b)</sup> | —% — 13%      | —%                                  |
| Forward contracts - other                          | 24                              | 21            |                           |                                        |               |                                     |
| Total                                              | <u>\$ 2,025</u>                 | <u>\$ 485</u> |                           |                                        |               |                                     |

(a) Unobservable inputs were weighted by volume.

(b) 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<br>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)                 |

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

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

|                                                                                                                                                               | Three Months Ended March 31, |        |        |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------|--------|---------|
|                                                                                                                                                               | 2020                         |        | 2019   |         |
|                                                                                                                                                               | NEE                          | FPL    | NEE    | FPL     |
|                                                                                                                                                               | (millions)                   |        |        |         |
| Fair value of net derivatives based on significant unobservable inputs at December 31 of prior period                                                         | \$ 1,207                     | \$ (8) | \$ 647 | \$ (36) |
| Realized and unrealized gains (losses):                                                                                                                       |                              |        |        |         |
| Included in earnings <sup>(a)</sup>                                                                                                                           | 387                          | —      | 180    | —       |
| Included in other comprehensive income (loss) <sup>(b)</sup>                                                                                                  | —                            | —      | 3      | —       |
| Included in regulatory assets and liabilities                                                                                                                 | (2)                          | (2)    | (2)    | (2)     |
| Purchases                                                                                                                                                     | 81                           | —      | 24     | —       |
| Sales <sup>(c)</sup>                                                                                                                                          | 114                          | —      | —      | —       |
| Settlements                                                                                                                                                   | (206)                        | 1      | (39)   | 20      |
| Issuances                                                                                                                                                     | (32)                         | —      | (14)   | —       |
| Transfers out <sup>(d)</sup>                                                                                                                                  | (30)                         | —      | 45     | 2       |
| Fair value of net derivatives based on significant unobservable inputs at March 31                                                                            | \$ 1,519                     | \$ (9) | \$ 844 | \$ (16) |
| Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to derivatives held at the reporting date <sup>(e)</sup> | \$ 308                       | \$ —   | \$ 116 | \$ —    |

- (a) For the three months ended March 31, 2020 and 2019, realized and unrealized gains of approximately \$405 million and \$194 million, respectively, are included in the condensed consolidated statements of income in operating revenues and the balance is included in interest expense.
- (b) Included in net unrealized gains (losses) on foreign currency translation in the condensed consolidated statements of comprehensive income.
- (c) See Note 11 - Disposal of a Business.
- (d) Transfers from Level 3 to Level 2 were a result of increased observability of market data.
- (e) For the three months ended March 31, 2020 and 2019, unrealized gains of approximately \$319 million and \$130 million, respectively, are included in the condensed consolidated statements of income in operating revenues and the balance is included in interest expense.

**Fair Value of Financial Instruments Recorded at Other than Fair Value** - The carrying amounts of commercial paper and other short-term debt approximate their fair values. The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

|                                                          | March 31, 2020  |                          | December 31, 2019 |                          |
|----------------------------------------------------------|-----------------|--------------------------|-------------------|--------------------------|
|                                                          | Carrying Amount | Estimated Fair Value     | Carrying Amount   | Estimated Fair Value     |
|                                                          | (millions)      |                          |                   |                          |
| <b>NEE:</b>                                              |                 |                          |                   |                          |
| Special use funds <sup>(a)</sup>                         | \$ 931          | \$ 930                   | \$ 892            | \$ 891                   |
| Other investments <sup>(b)</sup>                         | \$ 23           | \$ 23                    | \$ 30             | \$ 30                    |
| Long-term debt, including current portion <sup>(c)</sup> | \$ 43,605       | \$ 45,791 <sup>(d)</sup> | \$ 39,667         | \$ 42,928 <sup>(d)</sup> |
| <b>FPL:</b>                                              |                 |                          |                   |                          |
| Special use funds <sup>(a)</sup>                         | \$ 736          | \$ 735                   | \$ 706            | \$ 705                   |
| Long-term debt, including current portion                | \$ 15,422       | \$ 17,721 <sup>(d)</sup> | \$ 14,161         | \$ 16,448 <sup>(d)</sup> |

- (a) Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis (Level 2).
- (b) Included in noncurrent other assets on NEE's condensed consolidated balance sheets.
- (c) Excludes debt totaling approximately \$463 million classified as held for sale, which is included in current other liabilities on NEE's condensed consolidated balance sheet at December 31, 2019, for which the carrying amount approximated fair value. See Note 11 - Disposal of a Business.
- (d) At March 31, 2020 and December 31, 2019, substantially all is Level 2 for NEE and all is Level 2 for FPL.

**Special Use Funds** - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements above) consist of NEE's nuclear decommissioning fund assets of approximately \$6,037 million and \$6,880 million at March 31, 2020 and December 31, 2019, respectively, (\$4,160 million and \$4,697 million, respectively, for FPL) and FPL's storm fund assets of \$76 million and \$74 million at March 31, 2020 and December 31, 2019, respectively. The investments held in the special use funds consist of equity and available for sale debt securities which are primarily carried at estimated fair value. The amortized cost of debt securities is approximately \$2,009 million and \$2,030 million at March 31, 2020 and December 31, 2019, respectively, (\$1,508 million and \$1,523 million, respectively, for FPL).

Effective January 1, 2020, NEE and FPL adopted an accounting standards update that provides a modified version of the other than temporary impairment model for debt securities. The new available for sale debt security impairment model no longer allows

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consideration of the length of time during which the fair value has been less than its amortized cost basis when determining whether a credit loss exists. Credit losses are required to be presented as an allowance rather than as a write-down on securities not intended to be sold or required to be sold. NEE and FPL adopted this model prospectively. See Note 11 - Measurement of Credit Losses on Financial Instruments.

For FPL's special use funds, changes in fair value of debt and equity securities, including any estimated credit losses of debt securities, result in a corresponding adjustment to the related regulatory asset or liability accounts, consistent with regulatory treatment. For NEE's non-rate regulated operations, changes in fair value of debt securities result in a corresponding adjustment to OCI, except for estimated credit losses and unrealized losses on debt securities intended or required to be sold prior to recovery of the amortized cost basis, which are recognized in other - net in NEE's condensed consolidated statements of income. Changes in fair value of equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net in NEE's condensed consolidated statements of income.

The unrealized gains (losses) recognized during the three months ended March 31, 2020 and 2019 on equity securities held at March 31, 2020 and 2019 were \$(808) million and \$367 million, respectively (\$502) million and \$234 million for the three months ended March 31, 2020 and 2019 for FPL. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at March 31, 2020 of approximately eight years at NEE and nine years at FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at March 31, 2020 of approximately one year. The cost of securities sold is determined using the specific identification method.

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

|                                              | NEE                          |        | FPL                          |        |
|----------------------------------------------|------------------------------|--------|------------------------------|--------|
|                                              | Three Months Ended March 31, |        | Three Months Ended March 31, |        |
|                                              | 2020                         | 2019   | 2020                         | 2019   |
|                                              | (millions)                   |        |                              |        |
| Realized gains                               | \$ 30                        | \$ 9   | \$ 25                        | \$ 5   |
| Realized losses                              | \$ 17                        | \$ 9   | \$ 15                        | \$ 4   |
| Proceeds from sale or maturity of securities | \$ 738                       | \$ 687 | \$ 607                       | \$ 543 |

The unrealized gains and 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            |                   |
|----------------------------------|----------------|-------------------|----------------|-------------------|
|                                  | March 31, 2020 | December 31, 2019 | March 31, 2020 | December 31, 2019 |
|                                  | (millions)     |                   |                |                   |
| Unrealized gains                 | \$ 89          | \$ 75             | \$ 70          | \$ 58             |
| Unrealized losses <sup>(a)</sup> | \$ 82          | \$ 7              | \$ 66          | \$ 7              |
| Fair value                       | \$ 603         | \$ 314            | \$ 448         | \$ 240            |

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at March 31, 2020 and December 31, 2019 were not material to NEE or FPL.

Regulations issued by the 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 Seabrook, decommissioning fund contributions and withdrawals are also regulated by the New Hampshire 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.

## 6. Income Taxes

NEE's effective income tax rate for the three months ended March 31, 2020 and 2019 was approximately (321.9)% and 10.9%, respectively. NEE's effective income tax rate for the three months ended March 31, 2020 is based on the composition of pre-tax

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income and primarily reflects the impact of unfavorable changes in the fair value of interest rate derivative instruments and equity securities held in NEER's nuclear decommissioning funds, and the gain on the sale of the Spain solar projects that was not taxable for federal and state income tax purposes (see Note 11 - Disposal of a Business).

A reconciliation between the effective income tax rates and the applicable statutory rate is as follows:

|                                                        | NEE                             |       | FPL                             |       |
|--------------------------------------------------------|---------------------------------|-------|---------------------------------|-------|
|                                                        | Three Months Ended<br>March 31, |       | Three Months Ended<br>March 31, |       |
|                                                        | 2020                            | 2019  | 2020                            | 2019  |
| Statutory federal income tax rate                      | 21.0 %                          | 21.0% | 21.0%                           | 21.0% |
| Increases (reductions) resulting from:                 |                                 |       |                                 |       |
| State income taxes - net of federal income tax benefit | (61.0)                          | 4.7   | 4.3                             | 4.4   |
| Taxes attributable to noncontrolling interests         | 32.7                            | 2.3   | —                               | —     |
| PTCs and ITCs - NEER                                   | (86.5)                          | (8.3) | —                               | —     |
| Amortization of deferred regulatory credit             | (55.5)                          | (4.8) | (5.0)                           | (3.8) |
| Foreign operations                                     | (76.9)                          | 0.3   | —                               | —     |
| Other - net                                            | (95.7)                          | (4.3) | (2.7)                           | (0.7) |
| Effective income tax rate                              | (321.9)%                        | 10.9% | 17.6%                           | 20.9% |

NEE recognizes PTCs as wind energy is generated and sold based on a per 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 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.

## 7. Acquisitions

*Gulf Power* - On January 1, 2019, NEE acquired the outstanding common shares of Gulf Power, a rate-regulated electric utility under the jurisdiction of the FPSC. Gulf Power serves approximately 470,000 customers in eight counties throughout northwest Florida, has approximately 9,500 miles of transmission and distribution lines and owns approximately 2,300 MW of net generating capacity. The purchase price included approximately \$4.44 billion in cash consideration and the assumption of approximately \$1.3 billion of Gulf Power debt. The cash purchase price was funded through \$4.5 billion of borrowings by NEECH in December 2018 under certain short-term bi-lateral term loan agreements; the proceeds of which borrowings were restricted and included in noncurrent other assets on NEE's condensed consolidated balance sheet at December 31, 2018. Such borrowings were repaid in April 2019.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on January 1, 2019 based on their fair value. The approval by the FPSC of Gulf Power's rates, which is intended to allow Gulf Power to collect from retail customers total revenues equal to Gulf Power's costs of providing service, including a reasonable rate of return on invested capital, is considered a fundamental input in measuring the fair value of Gulf Power's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates are representative of their fair values. As a result, NEE acquired assets of approximately \$5.2 billion, primarily relating to property, plant and equipment of \$4.0 billion and regulatory assets of \$494 million, and assumed liabilities of approximately \$3.4 billion, including \$1.3 billion of long-term debt, \$635 million of regulatory liabilities and \$562 million of deferred income taxes. The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately \$2.7 billion of goodwill which has been recognized on NEE's condensed consolidated balance sheet at March 31, 2020. Goodwill associated with the Gulf Power acquisition is reflected within Corporate and Other and, for impairment testing, is included in the Gulf Power reporting unit. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses and the indefinite life of Gulf Power's service territory franchise.

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*Trans Bay Cable, LLC* - On July 16, 2019, a wholly owned subsidiary of NEET acquired the membership interests of Trans Bay Cable, LLC (Trans Bay), which owns and operates a 53-mile, high-voltage direct current underwater transmission cable system in California extending from Pittsburg to San Francisco, with utility rates set by the FERC and revenues paid by the California Independent System Operator. The purchase price included approximately \$670 million in cash consideration and the assumption of debt of approximately \$422 million.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair value. The approval by the FERC of Trans Bay's rates, which is intended to allow Trans Bay to collect total revenues equal to Trans Bay's costs for the development, financing, construction, operation and maintenance of Trans Bay, including a reasonable rate of return on invested capital, is considered a fundamental input in measuring the fair value of Trans Bay's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates are representative of their fair values. As a result, NEE acquired assets of approximately \$703 million, primarily relating to property, plant and equipment, and assumed liabilities of approximately \$643 million, primarily relating to long-term debt. The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately \$610 million of goodwill which has been recognized on NEE's condensed consolidated balance sheet at March 31, 2020, of which approximately \$572 million is expected to be deductible for tax purposes. Goodwill associated with the Trans Bay acquisition is reflected within NEER and, for impairment testing, is included in the rate-regulated transmission reporting unit. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses. The valuation of the acquired net assets is subject to change as NEE obtains additional information for its estimates during the measurement period.

#### **8. Variable Interest Entities (VIEs)**

*NEER* - At March 31, 2020, NEE consolidates 32 VIEs within the NEER segment. Subsidiaries within the NEER segment are considered the primary beneficiary of these VIEs since they control the most significant activities of these VIEs, including operations and maintenance, and they have the obligation to absorb expected losses of these VIEs.

NextEra Energy Resources consolidates two VIEs, which own and operate natural gas/oil electric generation facilities with the capability of producing 1,450 MW. These entities sell their electric output to third parties under power sales contracts with expiration dates in 2021 and 2031. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. The assets and liabilities of these VIEs were approximately \$204 million and \$23 million, respectively, at March 31, 2020 and \$216 million and \$25 million, respectively, at December 31, 2019. At March 31, 2020 and December 31, 2019, the assets of these VIEs consisted primarily of property, plant and equipment.

Three indirect subsidiaries of NextEra Energy Resources have an approximately 50% ownership interest in five entities which own and operate solar photovoltaic (PV) facilities with the capability of producing a total of approximately 409.3 MW. Each of the three subsidiaries is considered a VIE since the non-managing members have no substantive rights over the managing members, and is consolidated by NextEra Energy Resources. These five entities sell their electric output to third parties under power sales contracts with expiration dates ranging from 2035 through 2042. The five entities have third-party debt which is secured by liens against the assets of the entities. The debt holders have no recourse to the general credit of NextEra Energy Resources for the repayment of debt. The assets and liabilities of these VIEs were approximately \$778 million and \$635 million, respectively, at March 31, 2020 and \$776 million and \$598 million, respectively, at December 31, 2019. At March 31, 2020 and December 31, 2019, the assets and liabilities of these VIEs consisted primarily of property, plant and equipment and long-term debt.

NEE consolidates a NEET VIE that is constructing an approximately 280-mile electricity transmission line. A NEET subsidiary is the primary beneficiary and controls the most significant activities during the construction period, including controlling the construction budget. NEET is entitled to receive 50% of the profits and losses of the entity. The assets and liabilities of the VIE totaled approximately \$235 million and \$56 million, respectively, at March 31, 2020, and \$173 million and \$29 million, respectively, at December 31, 2019. At March 31, 2020 and December 31, 2019, the assets of this VIE consisted primarily of property, plant and equipment.

The other 26 NextEra Energy Resources VIEs that are consolidated relate to certain subsidiaries which have sold differential membership interests in entities which own and operate wind electric generation and solar PV facilities with the capability of producing a total of approximately 7,081 MW and 473 MW, respectively. These entities sell their electric output either under power sales contracts to third parties with expiration dates ranging from 2029 through 2053 or in the spot market. These entities are considered VIEs because the holders of differential membership interests do not have substantive rights over the significant activities of these entities. Certain of these entities have third-party debt which is secured by liens against the generation facilities and the other assets of these entities or by pledges of NextEra Energy Resources' 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 \$11.2 billion and \$0.6 billion, respectively, at March 31, 2020, and \$11.3 billion and \$0.8 billion, respectively, at December 31, 2019. At March 31, 2020 and December 31, 2019, the assets and liabilities of these VIEs consisted primarily of property, plant and equipment and long-term debt.

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*Other* - At March 31, 2020 and December 31, 2019, several NEE subsidiaries had investments totaling approximately \$2,835 million (\$2,330 million at FPL) and \$3,247 million (\$2,717 million at FPL), respectively, which are included in special use funds and noncurrent other assets on NEE's condensed consolidated balance sheets and in special use funds on FPL's condensed consolidated balance sheets. These investments represented primarily commingled funds and mortgage-backed securities. NEE subsidiaries, including FPL, are not the primary beneficiaries 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.

Certain subsidiaries of NEE have noncontrolling interests in entities accounted for under the equity method, including NEE's noncontrolling interest in NEP OpCo. These entities are limited partnerships or similar entity structures in which the limited partners or non-managing members do not have substantive rights over the significant activities of these entities, and therefore are considered VIEs. NEE is not the primary beneficiary because it does not have a controlling financial interest in these entities, and therefore does not consolidate any of these entities. NEE's investment in these entities totaled approximately \$3,731 million and \$4,254 million at March 31, 2020 and December 31, 2019, respectively. At March 31, 2020, subsidiaries of NEE had commitments to invest additional amounts in five of the entities. Such commitments are included in the NEER amounts in the table in Note 12 - Contracts.

## 9. Equity

*Earnings Per Share* - The reconciliation of NEE's basic and diluted earnings per share attributable to NEE is as follows:

|                                                                                           | Three Months Ended March 31,         |         |
|-------------------------------------------------------------------------------------------|--------------------------------------|---------|
|                                                                                           | 2020                                 | 2019    |
|                                                                                           | (millions, except per share amounts) |         |
| Numerator - net income attributable to NEE <sup>(a)</sup>                                 | \$ 421                               | \$ 680  |
| Denominator:                                                                              |                                      |         |
| Weighted-average number of common shares outstanding - basic                              | 489.3                                | 478.3   |
| Equity units, stock options, performance share awards and restricted stock <sup>(b)</sup> | 2.4                                  | 3.5     |
| Weighted-average number of common shares outstanding - assuming dilution                  | 491.7                                | 481.8   |
| Earnings per share attributable to NEE:                                                   |                                      |         |
| Basic                                                                                     | \$ 0.86                              | \$ 1.42 |
| Assuming dilution                                                                         | \$ 0.86                              | \$ 1.41 |

(a) The NEP Series A convertible preferred units and the NEP senior unsecured convertible notes were both antidilutive for the three months ended March 31, 2020 and 2019.

(b) Calculated using the treasury stock method. Performance share awards are included in diluted weighted-average 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, performance share awards and/or equity units, as well as restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 6.2 million and 0.5 million for the three months ended March 31, 2020 and 2019, respectively.

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*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 Investees |          |
|                                                   | (millions)                                        |                                                                |                                                  |                                                               |                                                                      |          |
| <b>Three Months Ended March 31, 2020</b>          |                                                   |                                                                |                                                  |                                                               |                                                                      |          |
| Balances, December 31, 2019                       | \$ (27)                                           | \$ 11                                                          | \$ (114)                                         | \$ (42)                                                       | \$ 3                                                                 | \$ (169) |
| Other comprehensive loss before reclassifications | —                                                 | (8)                                                            | —                                                | (35)                                                          | —                                                                    | (43)     |
| Amounts reclassified from AOCI                    | 2 <sup>(a)</sup>                                  | (1) <sup>(b)</sup>                                             | 3 <sup>(c)</sup>                                 | —                                                             | —                                                                    | 4        |
| Net other comprehensive income (loss)             | 2                                                 | (9)                                                            | 3                                                | (35)                                                          | —                                                                    | (39)     |
| Impact of disposal of a business                  | 23 <sup>(d)</sup>                                 | —                                                              | —                                                | (13) <sup>(d)</sup>                                           | —                                                                    | 10       |
| Balances, March 31, 2020                          | \$ (2)                                            | \$ 2                                                           | \$ (111)                                         | \$ (90)                                                       | \$ 3                                                                 | \$ (198) |
| Attributable to noncontrolling interests          | \$ —                                              | \$ —                                                           | \$ —                                             | \$ (6)                                                        | \$ —                                                                 | \$ (6)   |
| Attributable to NEE                               | \$ (2)                                            | \$ 2                                                           | \$ (111)                                         | \$ (84)                                                       | \$ 3                                                                 | \$ (192) |

|                                                            | 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 Investees |          |
|                                                            | (millions)                                        |                                                                |                                                  |                                                               |                                                                      |          |
| <b>Three Months Ended March 31, 2019</b>                   |                                                   |                                                                |                                                  |                                                               |                                                                      |          |
| Balances, December 31, 2018                                | \$ (55)                                           | \$ (7)                                                         | \$ (65)                                          | \$ (63)                                                       | \$ 2                                                                 | \$ (188) |
| Other comprehensive income (loss) before reclassifications | —                                                 | 8                                                              | (52)                                             | 10                                                            | (1)                                                                  | (35)     |
| Amounts reclassified from AOCI                             | 10 <sup>(a)</sup>                                 | 2 <sup>(b)</sup>                                               | (1) <sup>(c)</sup>                               | —                                                             | —                                                                    | 11       |
| Net other comprehensive income (loss)                      | 10                                                | 10                                                             | (53)                                             | 10                                                            | (1)                                                                  | (24)     |
| Acquisition of Gulf Power                                  | (1)                                               | —                                                              | —                                                | —                                                             | —                                                                    | (1)      |
| Balances, March 31, 2019                                   | \$ (46)                                           | \$ 3                                                           | \$ (118)                                         | \$ (53)                                                       | \$ 1                                                                 | \$ (213) |

- (a) Reclassified to interest expense in NEE's condensed consolidated statements of income. See Note 4 - Income Statement Impact of Derivative Instruments.  
(b) Reclassified to gains on disposal of investments and other property - net in NEE's condensed consolidated statements of income.  
(c) Reclassified to other net periodic benefit income in NEE's condensed consolidated statements of income.  
(d) Reclassified to gains on disposal of businesses/assets - net and interest expense in NEE's condensed consolidated statements of income. See Note 4 - Income Statement Impact of Derivative Instruments. See Note 11 - Disposal of a Business.

## 10. Debt

Significant long-term debt issuances and borrowings during the three months ended March 31, 2020 were as follows:

|                                           | Principal Amount<br>(millions) | Interest Rate           | Maturity Date |
|-------------------------------------------|--------------------------------|-------------------------|---------------|
| <b>FPL:</b>                               |                                |                         |               |
| First mortgage bonds                      | \$ 1,100                       | 2.85%                   | 2025          |
| Senior unsecured notes                    | \$ 175                         | Variable <sup>(a)</sup> | 2070          |
| <b>NEECH:</b>                             |                                |                         |               |
| Debentures, related to NEE's equity units | \$ 2,500                       | 1.84%                   | 2025          |

- (a) Variable rate is based on an underlying index less a specified margin. Permit individual noteholders to require repayment at specified dates prior to maturity.

In February 2020, NEE sold \$2.5 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of \$50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series K Debenture due March 1, 2025, issued in the principal amount of \$1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than March 1, 2023 (the final settlement date) for a price of \$50 in

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cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range of \$282.04 to \$352.55. If purchased on the final settlement date, as of March 31, 2020, the number of shares issued would (subject to antidilution adjustments) range from 0.1773 shares if the applicable market value of a share of common stock is less than or equal to \$282.04 to 0.1418 shares if the applicable market value of a share is equal to or greater than \$352.55, with applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending February 24, 2023. Total annual distributions on the equity units are at the rate of 5.279%, consisting of interest on the debentures (1.84% per year) and payments under the stock purchase contracts (3.439% per year). The interest rate on the debentures is expected to be reset on or after August 25, 2022. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In April 2020, NEECH sold \$1.25 billion principal amount of its 2.75% Debentures, Series due May 1, 2025, which are fully and unconditionally guaranteed by NEE.

## **11. Summary of Significant Accounting and Reporting Policies**

*Restricted Cash* - At March 31, 2020 and December 31, 2019, NEE had approximately \$499 million (\$132 million for FPL) and \$508 million (\$118 million for FPL), respectively, of restricted cash, of which approximately \$392 million (\$77 million for FPL) and \$411 million (\$54 million for FPL), respectively, is included in current other assets and the remaining balance is included in noncurrent other assets on NEE's and FPL's condensed consolidated balance sheets. Restricted cash is primarily related to debt service payments, bond proceeds held for construction at FPL and margin cash collateral requirements. In addition, where offsetting positions exist, restricted cash related to margin cash collateral of \$160 million is netted against derivative assets and \$113 million is netted against derivative liabilities at March 31, 2020 and \$139 million is netted against derivative assets and \$66 million is netted against derivative liabilities at December 31, 2019. See Note 4.

*Disposal of a Business* - On February 11, 2020, a subsidiary of NextEra Energy Resources completed the sale of its ownership interest in two solar generation facilities located in Spain with a total generating capacity of 99.8 MW for net cash proceeds of approximately €117 million (approximately \$128 million), subject to working capital and other adjustments. In connection with the sale, a gain of approximately \$260 million (pretax and after tax) was recorded in NEE's condensed consolidated statements of income for the three months ended March 31, 2020. The carrying amounts of the major classes of assets related to the facilities that were classified as held for sale, which are included in current other assets on NEE's condensed consolidated balance sheets, were approximately \$440 million at December 31, 2019 and primarily represent property, plant and equipment. Liabilities associated with assets held for sale, which are included in current other liabilities on NEE's condensed consolidated balance sheets, were approximately \$647 million at December 31, 2019 and primarily represent long-term debt and interest rate derivatives.

*Measurement of Credit Losses on Financial Instruments* - Effective January 1, 2020, NEE and FPL adopted an accounting standards update that provides for a new methodology, the current expected credit loss (CECL) model, to account for credit losses for certain financial assets measured at amortized cost. On January 1, 2020, NEE recorded a reduction to retained earnings of approximately \$11 million representing the cumulative effect of adopting the new standards update, which primarily related to the impact of applying the CECL model to NEER's receivables. The impact of adopting the new standards update was not material to FPL. See also Note 5 - Special Use Funds.

*Allowance for Doubtful Accounts* - FPL maintains an accumulated provision for uncollectible customer accounts receivable that is estimated primarily using a percentage, derived from historical revenue and write-off trends, of the previous four months of revenue. NEER regularly reviews collectibility of its receivables and establishes a provision for losses estimated as a percentage of accounts receivable based on the historical bad debt write-off trends for its retail electricity provider operations. When necessary, NEER uses the specific identification method for all other receivables. Current events and reasonable and supportable forecasts are considered when reviewing all receivables for collectibility.

*Reference Rate Reform* - In March 2020, the Financial Accounting Standards Board (FASB) issued an accounting standards update which provides certain options to apply GAAP guidance on contract modifications and hedge accounting as companies transition from the London Inter-Bank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates that are yet to be determined or finalized. NEE's and FPL's contracts that reference LIBOR or other interbank offered rates mainly relate to debt and derivative instruments. The standards update was effective upon issuance but can be applied prospectively through December 31, 2022. NEE and FPL are currently evaluating whether to apply the options provided by the standards update with regard to their contracts that reference LIBOR or other interbank offered rates as an interest rate benchmark.

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## 12. 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 and Gulf Power include, among other things, the cost for construction of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects, the procurement of nuclear fuel and the cost to maintain existing rate-regulated transmission facilities, as well as equity contributions to joint ventures for the development and construction of natural gas pipeline assets and a rate-regulated transmission facility.

At March 31, 2020, estimated capital expenditures for the remainder of 2020 through 2024 for which applicable internal approvals (and also, if required, regulatory approvals such as FPSC approvals for FPL and Gulf Power) have been received were as follows:

|                                              | Remainder of<br>2020 | 2021            | 2022            | 2023            | 2024            | Total            |
|----------------------------------------------|----------------------|-----------------|-----------------|-----------------|-----------------|------------------|
|                                              | (millions)           |                 |                 |                 |                 |                  |
| FPL:                                         |                      |                 |                 |                 |                 |                  |
| Generation: <sup>(a)</sup>                   |                      |                 |                 |                 |                 |                  |
| New <sup>(b)</sup>                           | \$ 980               | \$ 885          | \$ 550          | \$ 490          | \$ 710          | \$ 3,615         |
| Existing                                     | 750                  | 950             | 1,075           | 1,155           | 885             | 4,815            |
| Transmission and distribution <sup>(c)</sup> | 2,450                | 4,040           | 4,110           | 4,450           | 4,450           | 19,500           |
| Nuclear fuel                                 | 135                  | 220             | 165             | 120             | 145             | 785              |
| General and other                            | 560                  | 500             | 440             | 415             | 420             | 2,335            |
| Total                                        | <u>\$ 4,875</u>      | <u>\$ 6,595</u> | <u>\$ 6,340</u> | <u>\$ 6,630</u> | <u>\$ 6,610</u> | <u>\$ 31,050</u> |
| Gulf Power                                   | <u>\$ 620</u>        | <u>\$ 810</u>   | <u>\$ 645</u>   | <u>\$ 650</u>   | <u>\$ 680</u>   | <u>\$ 3,405</u>  |
| NEER:                                        |                      |                 |                 |                 |                 |                  |
| Wind <sup>(d)</sup>                          | \$ 2,580             | \$ 180          | \$ 10           | \$ 10           | \$ 10           | \$ 2,790         |
| Solar <sup>(e)</sup>                         | 855                  | 485             | —               | 5               | —               | 1,345            |
| Battery storage                              | 85                   | 455             | —               | —               | —               | 540              |
| Nuclear, including nuclear fuel              | 95                   | 210             | 165             | 120             | 180             | 770              |
| Natural gas pipelines <sup>(f)</sup>         | 525                  | 280             | 25              | —               | —               | 830              |
| Rate-regulated transmission                  | 235                  | 140             | 30              | 10              | 15              | 430              |
| Other                                        | 550                  | 55              | 65              | 50              | 60              | 780              |
| Total                                        | <u>\$ 4,925</u>      | <u>\$ 1,805</u> | <u>\$ 295</u>   | <u>\$ 195</u>   | <u>\$ 265</u>   | <u>\$ 7,485</u>  |

(a) Includes AFUDC of approximately \$25 million, \$70 million, \$40 million, \$20 million and \$30 million for the remainder of 2020 through 2024, respectively.

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

(c) Includes AFUDC of approximately \$30 million, \$55 million, \$55 million, \$40 million and \$35 million for the remainder of 2020 through 2024, respectively.

(d) Consists of capital expenditures for new wind projects, repowering of existing wind projects and related transmission totaling approximately 4,215 MW.

(e) Includes capital expenditures for new solar projects and related transmission totaling approximately 1,580 MW.

(f) Construction of two natural gas pipelines are subject to certain conditions, including applicable regulatory approvals. In addition, completion of another natural gas pipeline is subject to final permitting.

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 firm commitments under long-term contracts primarily for the transportation of natural gas and coal with expiration dates through 2042.

At March 31, 2020, NEER has entered into contracts with expiration dates ranging from late April 2020 through 2033 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, and the conversion, enrichment and fabrication of nuclear fuel, and has made commitments for the construction of natural gas pipelines and a rate-regulated transmission facility. Approximately \$4.0 billion of related commitments are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the transportation and storage of natural gas with expiration dates ranging from late April 2020 through 2040.

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The required capacity and/or minimum payments under contracts, including those discussed above, at March 31, 2020 were estimated as follows:

|                           | Remainder of<br>2020 | 2021     | 2022   | 2023   | 2024   | Thereafter |
|---------------------------|----------------------|----------|--------|--------|--------|------------|
|                           | (millions)           |          |        |        |        |            |
| FPL <sup>(a)</sup>        | \$ 800               | \$ 1,010 | \$ 990 | \$ 975 | \$ 970 | \$ 11,350  |
| NEER <sup>(b)(c)(d)</sup> | \$ 3,170             | \$ 585   | \$ 260 | \$ 180 | \$ 185 | \$ 1,395   |

- (a) Includes approximately \$305 million, \$415 million, \$415 million, \$410 million, \$410 million and \$6,765 million for the remainder of 2020 through 2024 and thereafter, respectively, of firm commitments related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection. The charges associated with these agreements are recoverable through the fuel clause and totaled approximately \$79 million and \$79 million for the three months ended March 31, 2020 and 2019, respectively, of which \$27 million and \$28 million, respectively, were eliminated in consolidation at NEE.
- (b) Includes approximately \$70 million, \$70 million, \$70 million, \$70 million and \$1,110 million for 2021 through 2024 and thereafter, respectively, of firm commitments related to a natural gas transportation agreement with a joint venture, in which NEER has a 31% equity investment, that is constructing a natural gas pipeline. These firm commitments are subject to the completion of construction of the pipeline, which is expected in 2020.
- (c) Includes approximately \$110 million of commitments to invest in technology investments through 2029.
- (d) Includes approximately \$230 million, \$20 million, \$20 million, \$20 million, \$10 million and \$15 million for the remainder of 2020 through 2024 and thereafter, respectively, of joint obligations of NEECH and NEER.

**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 \$450 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$13.5 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to \$1.1 billion (\$550 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed \$164 million (\$82 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 and St. Lucie Unit No. 2, which approximates \$16 million, \$41 million and \$20 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, except for Duane Arnold which has a sublimit of \$500 million. NEE participates in co-insurance of 10% of the first \$400 million of losses per site per occurrence. 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 \$173 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, \$4 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 a substantial portion of either its transmission and distribution property or natural gas pipeline assets. If either FPL's or Gulf Power's future storm restoration costs exceed their respective storm reserve, FPL and Gulf Power may recover their storm restoration costs, subject to prudence review by the FPSC, 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 Gulf Power, would be borne by NEE and either FPL or Gulf Power, and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

**Coronavirus Pandemic** - NEE and FPL are closely monitoring the global outbreak of the novel coronavirus (COVID-19) and are taking steps intended to mitigate the potential risks to NEE and FPL posed by COVID-19. NEE, including FPL, has implemented its pandemic plan, which includes putting in place various processes and procedures to limit the impact on its business, as well as the spread of the virus in its workforce. NEE and its subsidiaries, including FPL, have been able to access the capital markets. To date, there has been no material impact on NEE's or FPL's workforce, operations, financial performance, liquidity or on their supply chain as a result of COVID-19; however, the ultimate severity or duration of the outbreak or its effects on the global, national or local economy, the capital and credit markets, or NEE's and FPL's workforce, customers and suppliers are uncertain. NEE and FPL cannot predict whether COVID-19 will have a material impact on their businesses, financial condition, liquidity or results of operations.

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**13. Segment Information**

The table below presents information for NEE's reportable segments, FPL, a rate-regulated utility business, and NEER, which is comprised of competitive energy and rate-regulated transmission businesses, as well as for Gulf Power, a rate-regulated utility business acquired in January 2019 (see Note 7 - Gulf Power). Corporate and Other represents other business activities and includes eliminating entries. During the fourth quarter of 2019, NEET, which was previously reported in Corporate and Other, was moved to the NEER segment. Prior year amounts for NEER and Corporate and Other were adjusted to reflect this segment change.

|                                       | Three Months Ended March 31, |            |                       |                     |                  |         |            |                       |                     |                  |
|---------------------------------------|------------------------------|------------|-----------------------|---------------------|------------------|---------|------------|-----------------------|---------------------|------------------|
|                                       | 2020                         |            |                       |                     |                  | 2019    |            |                       |                     |                  |
|                                       | FPL                          | Gulf Power | NEER <sup>(a)</sup>   | Corporate and Other | NEE Consolidated | FPL     | Gulf Power | NEER <sup>(a)</sup>   | Corporate and Other | NEE Consolidated |
|                                       | (millions)                   |            |                       |                     |                  |         |            |                       |                     |                  |
| Operating revenues                    | \$ 2,540                     | \$ 328     | \$ 1,773              | \$ (28)             | \$ 4,613         | \$2,618 | \$ 328     | \$ 1,161              | \$ (32)             | \$ 4,075         |
| Operating expenses - net              | \$ 1,625                     | \$ 270     | \$ 706                | \$ 31               | \$ 2,632         | \$1,761 | \$ 271     | \$ 865                | \$ 43               | \$ 2,940         |
| Net income (loss) attributable to NEE | \$ 642                       | \$ 40      | \$ 318 <sup>(b)</sup> | \$ (579)            | \$ 421           | \$ 588  | \$ 37      | \$ 321 <sup>(b)</sup> | \$ (266)            | \$ 680           |

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Residual NEECH corporate interest expense is included in Corporate and Other.

(b) See Note 6 for a discussion of NEER's tax benefits related to PTCs.

|              | March 31, 2020 |            |           |                     |                  | December 31, 2019 |            |           |                     |                  |
|--------------|----------------|------------|-----------|---------------------|------------------|-------------------|------------|-----------|---------------------|------------------|
|              | FPL            | Gulf Power | NEER      | Corporate and Other | NEE Consolidated | FPL               | Gulf Power | NEER      | Corporate and Other | NEE Consolidated |
|              | (millions)     |            |           |                     |                  |                   |            |           |                     |                  |
| Total assets | \$ 58,317      | \$ 6,240   | \$ 51,455 | \$ 4,625            | \$120,637        | \$57,188          | \$ 5,855   | \$ 51,516 | \$ 3,132            | \$117,691        |

## 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 businesses, FPL, which serves more than five million customer accounts in Florida and is one of the largest electric utilities in the U.S., and NEER, which together with affiliated entities is the world's largest generator of renewable energy from the wind and sun based on 2019 MWh produced on a net generation basis. The table below presents net income (loss) attributable to NEE and earnings (loss) per share attributable to NEE, assuming dilution, by reportable segment, FPL and NEER, as well as Gulf Power, acquired in January 2019 (see Note 7 - Gulf Power), and Corporate and Other, which is primarily comprised of the operating results of other business activities, as well as other income and expense items, including interest expense, and eliminating entries. See Note 13 for additional segment information, including a discussion of a change in segment reporting. 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 appearing in the 2019 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)<br>Attributable to NEE |               | Earnings (Loss)<br>Per Share Attributable<br>to NEE,<br>Assuming Dilution |                |
|------------------------------------|------------------------------------------|---------------|---------------------------------------------------------------------------|----------------|
|                                    | Three Months Ended<br>March 31,          |               | Three Months Ended<br>March 31,                                           |                |
|                                    | 2020                                     | 2019          | 2020                                                                      | 2019           |
|                                    | (millions)                               |               |                                                                           |                |
| FPL                                | \$ 642                                   | \$ 588        | \$ 1.31                                                                   | \$ 1.22        |
| Gulf Power                         | 40                                       | 37            | 0.08                                                                      | 0.08           |
| NEER <sup>(a)(b)</sup>             | 318                                      | 321           | 0.65                                                                      | 0.67           |
| Corporate and Other <sup>(b)</sup> | (579)                                    | (266)         | (1.18)                                                                    | (0.56)         |
| NEE                                | <u>\$ 421</u>                            | <u>\$ 680</u> | <u>\$ 0.86</u>                                                            | <u>\$ 1.41</u> |

- (a) NEER's results reflect an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries.
- (b) NEER's and Corporate and Other's results for 2019 were retrospectively adjusted to reflect a segment change. See Note 13.

### Adjusted Earnings

NEE prepares its financial statements under GAAP. However, management uses earnings adjusted for certain items (adjusted earnings), a non-GAAP financial measure, internally for financial planning, analysis of performance, 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 analysts and investors. NEE's management believes that adjusted earnings provide a more meaningful representation of NEE's fundamental earnings power. Although these amounts are properly reflected 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.

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

|                                                                                                  | Three Months Ended<br>March 31, |          |
|--------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                  | 2020                            | 2019     |
|                                                                                                  | (millions)                      |          |
| Net losses associated with non-qualifying hedge activity <sup>(a)</sup>                          | \$ (718)                        | \$ (366) |
| Differential membership interests-related - NEER                                                 | \$ (25)                         | \$ (22)  |
| NEP investment gains, net - NEER                                                                 | \$ (36)                         | \$ (36)  |
| Gain on disposal of a business - NEER <sup>(b)</sup>                                             | \$ 258                          | \$ —     |
| Change in unrealized gains (losses) on NEER's nuclear decommissioning funds and OTTI, net - NEER | \$ (229)                        | \$ 84    |
| Operating results of solar projects in Spain - NEER                                              | \$ 1                            | \$ 1     |
| Acquisition-related - Corporate and Other                                                        | \$ —                            | \$ (41)  |

- (a) For the three months ended March 31, 2020 and 2019, approximately \$180 million and \$173 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.
- (b) See Note 11 - Disposal of a Business for a discussion of the sale of two solar generation facilities in Spain (Spain projects).

NEE segregates into two categories unrealized mark-to-market gains and losses and timing impacts related to derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative, interest rate derivative

and foreign currency transactions entered into as economic hedges, which do not meet the requirements for hedge accounting or for which hedge accounting treatment was not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the condensed consolidated statements of income, resulting in earnings volatility because the economic offset to certain of the positions are generally 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 impact of the non-qualifying hedges as a meaningful measure of current period performance. The 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 4.

## **RESULTS OF OPERATIONS**

### **Summary**

Net income attributable to NEE for the three months ended March 31, 2020 was lower than the prior year period by \$259 million, reflecting lower results at Corporate and Other and NEER, partly offset by higher results at FPL and Gulf Power.

FPL's increase in net income for the three months ended March 31, 2020 was primarily driven by continued investments in plant in service and other property. During both 2020 and 2019, FPL earned an 11.60% regulatory ROE on its retail rate base, based on a trailing thirteen-month average retail rate base as of March 31, 2020 and March 31, 2019, respectively.

Gulf Power's results increased slightly for the three months ended March 31, 2020.

NEER's results decreased slightly for the three months ended March 31, 2020 primarily reflecting unfavorable changes in the fair value of equity securities in NEER's nuclear decommissioning funds compared to 2019, mostly offset by the gain recognized on the sale of the Spain projects and higher earnings on existing generation assets and new investments.

Corporate and Other's results decreased for the three months ended March 31, 2020 primarily due to unfavorable non-qualifying hedge activity, partly offset by the absence of 2019 acquisition-related costs.

NEE's effective income tax rates for the three months ended March 31, 2020 and 2019 were approximately (322)% and 11%, respectively. See Note 6 for a discussion of NEE's and FPL's effective income tax rates.

NEE and FPL are closely monitoring the global outbreak of COVID-19 and are taking steps intended to mitigate the potential risks to NEE and FPL posed by COVID-19. See Note 12 - Coronavirus Pandemic.

### **FPL: Results of Operations**

Investments in plant in service and other property grew FPL's average retail rate base for the three months ended March 31, 2020 by approximately \$3.7 billion, when compared to the same period in the prior year, reflecting, among other things, solar generation additions and ongoing transmission and distribution additions and, at the end of the first quarter of 2019, the Okeechobee Clean Energy Center, an approximately 1,750 MW natural gas-fired combined-cycle unit, achieved commercial operation.

The use of reserve amortization is permitted by a December 2016 FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 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 O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity as well as revenue and costs not recoverable from retail customers by the FPSC. During the three months ended March 31, 2020 and 2019, FPL recorded reserve amortization of approximately \$149 million and \$156 million, respectively.

In March 2020, the FPSC approved FPL's SolarTogether program, a voluntary community solar program that gives FPL customers an opportunity to participate directly in the expansion of solar energy and receive credits on their monthly FPL bill for savings generated. The program includes the addition of 20 dedicated 74.5 MW new solar power plants owned and operated by FPL. As of March 31, 2020, 6 of the 20 plants have been placed into service. The remainder of the plants are expected to be placed into service by mid-2021.

### *Operating Revenues*

During the three months ended March 31, 2020, FPL's operating revenues decreased \$78 million. The decrease reflects lower fuel revenues of approximately \$141 million primarily related to lower fuel and energy prices as well as lower storm-related revenues. These decreases were partly offset by an increase of \$94 million in retail base revenues reflecting additional revenues of approximately \$45 million related to retail base rate increases primarily associated with the Okeechobee Clean Energy Center and the addition of new solar generation in 2019. Retail base revenues during the three months ended March 31, 2020 were also impacted by an increase of 1.8% in the average usage per retail customer and an increase of 1.4% in the average number of customer accounts.

### *Fuel, Purchased Power and Interchange Expense*

Fuel, purchased power and interchange expense decreased \$143 million for the three months ended March 31, 2020 primarily reflecting lower fuel and energy prices.

### *Depreciation and Amortization Expense*

Depreciation and amortization expense increased \$27 million during the three months ended March 31, 2020. The increase in depreciation and amortization expense during the three months ended March 31, 2020 primarily reflects increased depreciation related to higher plant in service balances partly offset by lower storm-recovery cost amortization primarily as a result of the final payment of the storm-recovery bonds in the third quarter of 2019. During the three months ended March 31, 2020 and 2019, FPL recorded reserve amortization of approximately \$149 million and \$156 million, respectively. Reserve amortization reflects adjustments to accrued asset removal costs provided under the 2016 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to accrued asset removal costs which is reflected in noncurrent regulatory liabilities on the condensed consolidated balance sheets. At March 31, 2020, approximately \$744 million remains in accrued asset removal costs related to reserve amortization.

## **Gulf Power: Results of Operations**

Gulf Power's net income attributable to NEE increased \$3 million for the three months ended March 31, 2020. Operating revenues were approximately \$328 million for both the three months ended March 31, 2020 and 2019 and operating expenses decreased \$1 million for the three months ended March 31, 2020.

## **NEER: Results of Operations**

NEER's net income less net loss attributable to noncontrolling interests decreased \$3 million for the three months ended March 31, 2020. The primary drivers, on an after-tax basis, of the changes are in the following table.

|                                                                                                                           | Increase (Decrease)<br>From Prior Year Period |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
|                                                                                                                           | <b>Three Months Ended<br/>March 31, 2020</b>  |
|                                                                                                                           | (millions)                                    |
| New investments <sup>(a)</sup>                                                                                            | \$ 37                                         |
| Existing assets <sup>(a)</sup>                                                                                            | 45                                            |
| Gas infrastructure <sup>(a)</sup>                                                                                         | 10                                            |
| Customer supply and proprietary power and gas trading <sup>(b)</sup>                                                      | (9)                                           |
| NEET <sup>(b)</sup>                                                                                                       | 21                                            |
| Interest and other general and administrative expenses <sup>(c)</sup>                                                     | (29)                                          |
| Other, including other investment income and income taxes                                                                 | (4)                                           |
| Change in non-qualifying hedge activity <sup>(d)</sup>                                                                    | (7)                                           |
| Change in unrealized gains/losses on equity securities held in nuclear decommissioning funds and OTTI, net <sup>(d)</sup> | (313)                                         |
| Disposals of businesses/assets <sup>(e)</sup>                                                                             | 246                                           |
| Decrease in net income less net loss attributable to noncontrolling interests                                             | <u>\$ (3)</u>                                 |

(a) Reflects after-tax project contributions, including the net effect of deferred income taxes and other benefits associated with PTCs and ITCs for wind and solar projects, as applicable, but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results are included in existing assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.

(b) Excludes allocation of interest expense and corporate general and administrative expenses.

(c) Includes differential membership interest costs. Excludes unrealized mark-to-market gains and losses related to interest rate derivative contracts, which are included in change in non-qualifying hedge activity.

(d) See Overview - Adjusted Earnings for additional information.

(e) Primarily relates to the sale of the Spain projects. See Note 11 - Disposal of a Business.

### New Investments

Results from new investments for the three months ended March 31, 2020 increased primarily due to higher earnings, including federal income tax credits, related to new wind and solar generating facilities that entered service during or after the three months ended March 31, 2019 as well as investments in pipelines.

### Existing Assets

Results from existing assets for the three months ended March 31, 2020 increased primarily due to higher results from wind generation facilities related to more favorable wind resource as compared to the prior year period and increased tax credits from repowered wind generation facilities.

### Other Factors

Supplemental to the primary drivers of the changes in NEER's net income less net loss attributable to noncontrolling interests 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 March 31, 2020 increased \$612 million primarily due to:

- the impact of gains from non-qualifying commodity hedges (approximately \$441 million of gains for the three months ended March 31, 2020 compared to \$63 million of losses for the comparable period in 2019),
  - net increases in revenues of \$68 million from the customer supply and proprietary power and gas trading business and gas infrastructure business,
  - higher revenues of \$47 million from NEET, and
  - revenues from new investments of \$19 million,
- partly offset by,
- lower revenues from existing assets of \$22 million primarily related to the sale of the Spain projects.

### Operating Expenses - net

Operating expenses - net for the three months ended March 31, 2020 decreased \$159 million primarily due to higher gains of approximately \$247 million primarily related to the sale of the Spain projects (see Note 11 - Disposal of a Business), partly offset by higher other operations and maintenance expenses of approximately \$46 million and higher depreciation expense of \$28 million primarily associated with new investments and acquisitions.

### Interest Expense

NEER's interest expense for the three months ended March 31, 2020 increased approximately \$107 million primarily reflecting \$125 million of unfavorable impacts related to changes in the fair value of interest rate derivative instruments.

### Equity in Earnings (Losses) of Equity Method Investees

NEER recognized \$390 million of equity in losses of equity method investees for the three months ended March 31, 2020 compared to \$16 million of equity in earnings of equity method investees for the prior year period. The change for the three months ended March 31, 2020 primarily reflects equity in losses of NEP recorded in 2020 primarily related to unfavorable impacts related to changes in the fair value of interest rate derivative instruments. The losses during the three months ended March 31, 2020 were partly offset by increased equity in earnings of other equity method investees.

### Change in Unrealized Gains (Losses) on Equity Securities Held in NEER's Nuclear Decommissioning Funds - net

For the three months ended March 31, 2020, changes in the fair value of equity securities in NEER's nuclear decommissioning funds, primarily equity securities in NEER's special use funds, relate to unfavorable market conditions in 2020 compared to favorable market conditions in 2019.

### Tax Credits, Benefits and Expenses

PTCs from wind projects and ITCs from solar and certain wind projects are included 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 and ITCs have been allocated to investors in connection with sales of differential membership interests. Also see Note 6 for a discussion of PTCs and ITCs and other income tax impacts.

## **Corporate and Other: Results of Operations**

Corporate and Other is primarily comprised of the operating results of other business activities, as well as corporate interest income and expenses. Corporate and Other allocates a portion of NEECH's corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries.

Corporate and Other's results decreased \$313 million during the three months ended March 31, 2020. The decrease for the three months ended March 31, 2020 primarily reflects higher after-tax losses of approximately \$345 million related to non-qualifying hedge activity as a result of unfavorable impacts related to changes in the fair value of interest rate derivative instruments, partly offset by the absence of acquisition and integration costs incurred in 2019.

## LIQUIDITY AND CAPITAL RESOURCES

NEE and its subsidiaries 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 of short- and long-term debt and, from time to time, equity securities, proceeds from differential membership investors and sales of assets to NEP or third parties, 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

NEE's sources and uses of cash for the three months ended March 31, 2020 and 2019 were as follows:

|                                                                                                                       | Three Months Ended<br>March 31, |            |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------|------------|
|                                                                                                                       | 2020                            | 2019       |
|                                                                                                                       | (millions)                      |            |
| Sources of cash:                                                                                                      |                                 |            |
| Cash flows from operating activities                                                                                  | \$ 1,894                        | \$ 1,597   |
| Issuances of long-term debt                                                                                           | 4,354                           | 2,768      |
| Payments from related parties under a cash sweep and credit support agreement – net                                   | 48                              | —          |
| Issuances of common stock - net                                                                                       | —                               | 20         |
| Net increase in commercial paper and other short-term debt                                                            | 685                             | —          |
| Other sources - net                                                                                                   | 152                             | 137        |
| Total sources of cash                                                                                                 | 7,133                           | 4,522      |
| Uses of cash:                                                                                                         |                                 |            |
| Capital expenditures, acquisitions, independent power and other investments and nuclear fuel purchases <sup>(a)</sup> | (3,284)                         | (7,029)    |
| Retirements of long-term debt                                                                                         | (312)                           | (166)      |
| Net decrease in commercial paper and other short-term debt                                                            | —                               | (498)      |
| Payments to related parties under a cash sweep and credit support agreement – net                                     | —                               | (24)       |
| Issuances of common stock/equity units - net                                                                          | (57)                            | —          |
| Dividends                                                                                                             | (685)                           | (598)      |
| Other uses - net                                                                                                      | (75)                            | (128)      |
| Total uses of cash                                                                                                    | (4,413)                         | (8,443)    |
| Effects of currency translation on cash, cash equivalents and restricted cash                                         | 6                               | 9          |
| Net increase (decrease) in cash, cash equivalents and restricted cash                                                 | \$ 2,726                        | \$ (3,912) |

(a) 2019 includes the acquisition of Gulf Power. See Note 7 - Gulf Power.

For significant financing activity that occurred in April 2020, see Note 10.

NEE's primary capital requirements are for expanding and enhancing FPL's and Gulf Power's electric system and generation facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. See Note 12 – Commitments for estimated capital expenditures for the remainder of 2020 through 2024 and thereafter. The following table provides a summary of the major capital investments for the three months ended March 31, 2020 and 2019.

|                                                                                                              | Three Months Ended<br>March 31, |          |
|--------------------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                              | 2020                            | 2019     |
|                                                                                                              | (millions)                      |          |
| <b>FPL:</b>                                                                                                  |                                 |          |
| Generation:                                                                                                  |                                 |          |
| New                                                                                                          | \$ 216                          | \$ 199   |
| Existing                                                                                                     | 219                             | 291      |
| Transmission and distribution                                                                                | 722                             | 651      |
| Nuclear fuel                                                                                                 | 42                              | 36       |
| General and other                                                                                            | 102                             | 63       |
| Other, primarily change in accrued property additions and the exclusion of AFUDC - equity                    | 135                             | (100)    |
| Total                                                                                                        | 1,436                           | 1,140    |
| Gulf Power                                                                                                   | 340                             | 95       |
| <b>NEER<sup>(a)</sup>:</b>                                                                                   |                                 |          |
| Wind                                                                                                         | 635                             | 456      |
| Solar                                                                                                        | 536                             | 253      |
| Nuclear, including nuclear fuel                                                                              | 36                              | 75       |
| Natural gas pipelines                                                                                        | 54                              | 104      |
| Other gas infrastructure                                                                                     | 188                             | 275      |
| Other                                                                                                        | 58                              | 60       |
| Total                                                                                                        | 1,507                           | 1,223    |
| Corporate and Other (2019 primarily related to the acquisition of Gulf Power, see Note 7) <sup>(a)</sup>     | 1                               | 4,571    |
| Total capital expenditures, acquisitions, independent power and other investments and nuclear fuel purchases | \$ 3,284                        | \$ 7,029 |

(a) Amounts for 2019 were retrospectively adjusted to reflect a segment change. See Note 13.

## Liquidity

At March 31, 2020, NEE's total net available liquidity was approximately \$10.1 billion. The table below provides the components of FPL's, Gulf Power's and NEECH's net available liquidity at March 31, 2020:

|                                                                             | FPL             | Gulf Power    | NEECH           | Total           | Maturity Date |            |             |
|-----------------------------------------------------------------------------|-----------------|---------------|-----------------|-----------------|---------------|------------|-------------|
|                                                                             |                 |               |                 |                 | FPL           | Gulf Power | NEECH       |
|                                                                             |                 |               |                 |                 | (millions)    |            |             |
| Syndicated revolving credit facilities <sup>(a)</sup>                       | \$ 2,913        | \$ 900        | \$ 5,282        | \$ 9,095        | 2021 - 2025   | 2025       | 2021 - 2025 |
| Issued letters of credit                                                    | (3)             | —             | (257)           | (260)           |               |            |             |
|                                                                             | <u>2,910</u>    | <u>900</u>    | <u>5,025</u>    | <u>8,835</u>    |               |            |             |
| Bilateral revolving credit facilities                                       | 680             | —             | 1,025           | 1,705           | 2020 - 2022   |            | 2020 - 2023 |
| Borrowings                                                                  | —               | —             | (500)           | (500)           |               |            |             |
|                                                                             | <u>680</u>      | <u>—</u>      | <u>525</u>      | <u>1,205</u>    |               |            |             |
| Letter of credit facilities <sup>(b)</sup>                                  | —               | —             | 900             | 900             |               |            | 2021        |
| Issued letters of credit                                                    | —               | —             | (820)           | (820)           |               |            |             |
|                                                                             | <u>—</u>        | <u>—</u>      | <u>80</u>       | <u>80</u>       |               |            |             |
| Subtotal                                                                    | 3,590           | 900           | 5,630           | 10,120          |               |            |             |
| Cash and cash equivalents                                                   | 1,001           | 317           | 2,011           | 3,329           |               |            |             |
| Commercial paper and other short-term borrowings outstanding <sup>(c)</sup> | (210)           | (563)         | (2,528)         | (3,301)         |               |            |             |
| Net available liquidity                                                     | <u>\$ 4,381</u> | <u>\$ 654</u> | <u>\$ 5,113</u> | <u>\$10,148</u> |               |            |             |

(a) Provide for the funding of loans up to the amount of the credit facility and the issuance of letters of credit up to \$2,525 million (\$575 million for FPL, \$75 million for Gulf Power and \$1,875 million for NEECH). 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' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's syndicated revolving credit facilities are also available to support the purchase of \$948 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bondholders and not remarketed prior to maturity, as well as the repayment of approximately \$411 million of floating rate notes in the event an individual noteholder requires repayment at specified dates prior to maturity. Gulf Power's syndicated revolving credit facilities are also available to support the purchase of approximately \$269 million of its tax exempt bonds in the event they are tendered by individual bondholders and not remarketed prior to maturity. Approximately \$2,314 million of FPL's and \$4,062 million of NEECH's syndicated revolving credit facilities expire in 2025.

(b) Only available for the issuance of letters of credit.

(c) Excludes short-term borrowings under NEECH's bilateral revolving credit facilities of \$300 million, which are included in borrowings above.

## Capital Support

### *Guarantees, Letters of Credit, Surety Bonds and Indemnifications (Guarantee Arrangements)*

Certain subsidiaries of NEE issue guarantees and obtain letters of credit and surety bonds, as well as provide indemnities, to facilitate commercial transactions with third parties and financings. Substantially all of the guarantee arrangements are on behalf of NEE's consolidated subsidiaries, as discussed in more detail below. NEE is not required to recognize liabilities associated with guarantee arrangements issued on behalf of its consolidated subsidiaries unless it becomes probable that they will be required to perform. At March 31, 2020, NEE believes that there is no material exposure related to these guarantee arrangements.

NEE subsidiaries issue guarantees related to equity contribution agreements associated with the development, construction and financing of certain power generation facilities, engineering, procurement and construction agreements and equity contributions associated with natural gas pipeline projects under development and construction and a related natural gas transportation agreement. Commitments associated with these activities are included in the contracts table in Note 12.

In addition, at March 31, 2020, NEE subsidiaries had approximately \$3.5 billion in guarantees related to obligations under purchased power agreements, nuclear-related activities, payment obligations related to PTCs, as well as other types of contractual obligations.

In some instances, subsidiaries of NEE elect to issue guarantees instead of posting other forms of collateral required under certain financing arrangements, as well as for other project-level cash management activities. At March 31, 2020, these guarantees totaled approximately \$366 million and support, among other things, cash management activities, including those related to debt service and O&M service agreements, as well as other specific project financing requirements.

Subsidiaries of NEE also issue guarantees to support customer supply and proprietary power and gas trading activities, including the buying and selling of wholesale and retail energy commodities. At March 31, 2020, the estimated mark-to-market exposure (the total amount that these subsidiaries of NEE could be required to fund based on energy commodity market prices at March 31, 2020) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled approximately \$566 million.

At March 31, 2020, subsidiaries of NEE also had approximately \$1.6 billion of standby letters of credit and approximately \$672 million of surety bonds to support certain of the commercial activities discussed above. FPL's and NEECH's credit facilities are available to support the amount of the standby letters of credit.

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

Certain guarantee arrangements described above contain requirements for NEECH and FPL to maintain a specified credit rating. NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL and Gulf Power. NEE has fully and unconditionally guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures registered pursuant to the Securities Act of 1933 and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of subsidiaries within the NEER segment.

Summarized financial information of NEE and NEECH is as follows:

|                                             | Three Months Ended March 31, 2020 |          | Year Ended December 31, 2019 |          |
|---------------------------------------------|-----------------------------------|----------|------------------------------|----------|
|                                             | NEE (Guarantor)                   | NEECH    | NEE (Guarantor)              | NEECH    |
|                                             | (millions)                        |          |                              |          |
| Operating revenues                          | \$ —                              | \$ 1,782 | \$ —                         | \$ 5,671 |
| Operating income (loss)                     | \$ (58)                           | \$ 1,065 | \$ (209)                     | \$ 2,002 |
| Net income (loss)                           | \$ 421                            | \$ (391) | \$ 3,769                     | \$ 900   |
| Net income (loss) attributable to NEE/NEECH | \$ 421                            | \$ (278) | \$ 3,769                     | \$ 1,281 |

|                              | March 31, 2020  |           | December 31, 2019 |           |
|------------------------------|-----------------|-----------|-------------------|-----------|
|                              | NEE (Guarantor) | NEECH     | NEE (Guarantor)   | NEECH     |
|                              | (millions)      |           |                   |           |
| Total current assets         | \$ 147          | \$ 5,662  | \$ 98             | \$ 4,637  |
| Total noncurrent assets      | \$ 36,757       | \$ 48,168 | \$ 37,247         | \$ 47,681 |
| Noncontrolling interests     | \$ —            | \$ 4,472  | \$ —              | \$ 4,355  |
| Total current liabilities    | \$ 307          | \$ 9,755  | \$ 170            | \$ 8,533  |
| Total noncurrent liabilities | \$ 194          | \$ 31,024 | \$ 170            | \$ 27,893 |

### **New Accounting Rules and Interpretations**

*Reference Rate Reform* - In March 2020, the FASB issued an accounting standards update which provides certain options to apply GAAP guidance on contract modifications and hedge accounting as companies transition from LIBOR and other interbank offered rates to alternative reference rates. See Note 11 - Reference Rate Reform.

## 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 physical and financial risks 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 4.

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three months ended March 31, 2020 were as follows:

|                                                                                 | Trading       | Hedges on Owned Assets |                           |                                  | NEE Total       |
|---------------------------------------------------------------------------------|---------------|------------------------|---------------------------|----------------------------------|-----------------|
|                                                                                 |               | Non-Qualifying         | FPL Cost Recovery Clauses | Gulf Power Cost Recovery Clauses |                 |
|                                                                                 |               |                        | (millions)                |                                  |                 |
| <b>Three months ended March 31, 2020</b>                                        |               |                        |                           |                                  |                 |
| Fair value of contracts outstanding at December 31, 2019                        | \$ 651        | \$ 1,209               | \$ (10)                   | \$ (1)                           | \$ 1,849        |
| Reclassification to realized at settlement of contracts                         | (138)         | (119)                  | 2                         | 1                                | (254)           |
| Value of contracts acquired                                                     | 86            | (40)                   | —                         | —                                | 46              |
| Net option premium purchases (issuances)                                        | —             | 1                      | —                         | —                                | 1               |
| Changes in fair value excluding reclassification to realized                    | 111           | 515                    | (4)                       | —                                | 622             |
| Fair value of contracts outstanding at March 31, 2020                           | 710           | 1,566                  | (12)                      | —                                | 2,264           |
| Net margin cash collateral paid (received)                                      |               |                        |                           |                                  | (74)            |
| Total mark-to-market energy contract net assets (liabilities) at March 31, 2020 | <u>\$ 710</u> | <u>\$ 1,566</u>        | <u>\$ (12)</u>            | <u>\$ —</u>                      | <u>\$ 2,190</u> |

NEE's total mark-to-market energy contract net assets (liabilities) at March 31, 2020 shown above are included on the condensed consolidated balance sheets as follows:

|                                                       | March 31, 2020  |
|-------------------------------------------------------|-----------------|
|                                                       | (millions)      |
| Current derivative assets                             | \$ 966          |
| Noncurrent derivative assets                          | 1,934           |
| Current derivative liabilities                        | (386)           |
| Noncurrent derivative liabilities                     | (324)           |
| NEE's total mark-to-market energy contract net assets | <u>\$ 2,190</u> |

The sources of fair value estimates and maturity of energy contract derivative instruments at March 31, 2020 were as follows:

|                                                      | Maturity   |        |        |        |        |            |          |
|------------------------------------------------------|------------|--------|--------|--------|--------|------------|----------|
|                                                      | 2020       | 2021   | 2022   | 2023   | 2024   | Thereafter | Total    |
|                                                      | (millions) |        |        |        |        |            |          |
| Trading:                                             |            |        |        |        |        |            |          |
| Quoted prices in active markets for identical assets | \$ (391)   | \$ 51  | \$ 54  | \$ 8   | \$ 14  | \$ —       | \$ (264) |
| Significant other observable inputs                  | 92         | (24)   | (48)   | (1)    | (10)   | (67)       | (58)     |
| Significant unobservable inputs                      | 336        | 66     | 61     | 79     | 60     | 430        | 1,032    |
| Total                                                | 37         | 93     | 67     | 86     | 64     | 363        | 710      |
| Owned Assets - Non-Qualifying:                       |            |        |        |        |        |            |          |
| Quoted prices in active markets for identical assets | 7          | 39     | 8      | —      | —      | —          | 54       |
| Significant other observable inputs                  | 246        | 172    | 158    | 103    | 56     | 260        | 995      |
| Significant unobservable inputs                      | 32         | 46     | 44     | 35     | 39     | 321        | 517      |
| Total                                                | 285        | 257    | 210    | 138    | 95     | 581        | 1,566    |
| Owned Assets - FPL Cost Recovery Clauses:            |            |        |        |        |        |            |          |
| Quoted prices in active markets for identical assets | —          | —      | —      | —      | —      | —          | —        |
| Significant other observable inputs                  | (3)        | —      | —      | —      | —      | —          | (3)      |
| Significant unobservable inputs                      | (6)        | (3)    | —      | —      | —      | —          | (9)      |
| Total                                                | (9)        | (3)    | —      | —      | —      | —          | (12)     |
| Total sources of fair value                          | \$ 313     | \$ 347 | \$ 277 | \$ 224 | \$ 159 | \$ 944     | \$ 2,264 |

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three months ended March 31, 2019 were as follows:

|                                                                                 | Hedges on Owned Assets |                |                           |                                  |           |
|---------------------------------------------------------------------------------|------------------------|----------------|---------------------------|----------------------------------|-----------|
|                                                                                 | Trading                | Non-Qualifying | FPL Cost Recovery Clauses | Gulf Power Cost Recovery Clauses | NEE Total |
|                                                                                 | (millions)             |                |                           |                                  |           |
| <b>Three months ended March 31, 2019</b>                                        |                        |                |                           |                                  |           |
| Fair value of contracts outstanding at December 31, 2018                        | \$ 593                 | \$ 794         | \$ (41)                   | \$ —                             | \$ 1,346  |
| Reclassification to realized at settlement of contracts                         | (47)                   | 7              | 26                        | 1                                | (13)      |
| Value of contracts acquired                                                     | —                      | —              | —                         | (6)                              | (6)       |
| Net option premium purchases (issuances)                                        | 10                     | —              | —                         | —                                | 10        |
| Changes in fair value excluding reclassification to realized                    | 53                     | (57)           | 1                         | —                                | (3)       |
| Fair value of contracts outstanding at March 31, 2019                           | 609                    | 744            | (14)                      | (5)                              | 1,334     |
| Net margin cash collateral paid (received)                                      |                        |                |                           |                                  | (61)      |
| Total mark-to-market energy contract net assets (liabilities) at March 31, 2019 | \$ 609                 | \$ 744         | \$ (14)                   | \$ (5)                           | \$ 1,273  |

With respect to commodities, NEE's Exposure Management Committee (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 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   |
|                                                   | (millions) |      |      |                                                                              |       |       |       |       |       |
| December 31, 2019                                 | \$ —       | \$ 2 | \$ 2 | \$ —                                                                         | \$ 25 | \$ 25 | \$ —  | \$ 26 | \$ 26 |
| March 31, 2020                                    | \$ —       | \$ 4 | \$ 4 | \$ 1                                                                         | \$ 64 | \$ 64 | \$ 1  | \$ 64 | \$ 64 |
| Average for the three months ended March 31, 2020 | \$ —       | \$ 2 | \$ 2 | \$ 1                                                                         | \$ 39 | \$ 39 | \$ 1  | \$ 40 | \$ 40 |

(a) Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are 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's and FPL's financial results are exposed to risk resulting from changes in interest rates as a result of their respective outstanding and expected future 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:

|                                                 | March 31, 2020  |                                     | December 31, 2019 |                                     |
|-------------------------------------------------|-----------------|-------------------------------------|-------------------|-------------------------------------|
|                                                 | Carrying Amount | Estimated Fair Value <sup>(a)</sup> | Carrying Amount   | Estimated Fair Value <sup>(a)</sup> |
| (millions)                                      |                 |                                     |                   |                                     |
| <b>NEE:</b>                                     |                 |                                     |                   |                                     |
| Fixed income securities:                        |                 |                                     |                   |                                     |
| Special use funds                               | \$ 2,016        | \$ 2,016                            | \$ 2,099          | \$ 2,099                            |
| Other investments, primarily debt securities    | \$ 167          | \$ 167                              | \$ 181            | \$ 181                              |
| Long-term debt, including current portion       | \$ 43,605       | \$ 45,791                           | \$ 39,667         | \$ 42,928                           |
| Interest rate contracts - net unrealized losses | \$ (1,478)      | \$ (1,478)                          | \$ (716)          | \$ (716)                            |
| <b>FPL:</b>                                     |                 |                                     |                   |                                     |
| Fixed income securities - special use funds     | \$ 1,511        | \$ 1,511                            | \$ 1,574          | \$ 1,574                            |
| Long-term debt, including current portion       | \$ 15,422       | \$ 17,721                           | \$ 14,161         | \$ 16,448                           |

(a) See Note 5.

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 credit losses, result in a corresponding adjustment to the related regulatory asset or 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 credit losses and unrealized losses on available for sale securities intended or required to be sold prior to recovery of the amortized cost basis, 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.

At March 31, 2020, NEE had interest rate contracts with a net notional amount of approximately \$8.3 billion related to expected future and outstanding debt issuances and borrowings. The net notional amount consists of approximately \$9.0 billion to manage exposure to the variability of cash flows associated with expected future and outstanding debt issuances at NEECH and NEER. This is offset by approximately \$700 million that effectively convert fixed-rate debt to variable-rate debt instruments at NEECH. See Note 4.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the fair value of NEE's net liabilities would increase by approximately \$1,584 million (\$628 million for FPL) at March 31, 2020.

## 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 carried at their market value of approximately \$3,166 million and \$3,963 million (\$1,989 million and \$2,491 million for FPL) at March 31, 2020 and December 31, 2019, respectively. NEE's and FPL's investment strategy for equity securities in their nuclear decommissioning reserve funds emphasizes marketable securities which are broadly diversified. At March 31, 2020, a hypothetical 10% decrease in the prices quoted on stock exchanges, which is a reasonable near-term market change, would result in an approximately \$291 million (\$186 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related regulatory asset or liability accounts based on current regulatory treatment, and for NEE's non-rate regulated operations, a corresponding amount would be recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net in NEE's condensed consolidated statements of income.

## Credit Risk

NEE and its subsidiaries, including FPL, 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 noncash 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. At March 31, 2020, approximately 89% of NEE's and 100% 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 March 31, 2020, 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 March 31, 2020.

#### **(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 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the 2019 Form 10-K except as follows:

**The coronavirus pandemic may have a material adverse impact on NEE's and FPL's business, financial condition, liquidity and results of operations.**

NEE and FPL are closely monitoring the global outbreak of COVID-19. At this time, NEE and FPL are unable to determine the ultimate severity or duration of the outbreak or its effects on, among other things, the global, national or local economy, the capital and credit markets, or NEE's and FPL's workforce, customers and suppliers. As a result, NEE and FPL cannot predict whether COVID-19 will have a material adverse impact on their businesses, financial condition, liquidity and results of operations.

The factors discussed in Part I, Item 1A. Risk Factors in the 2019 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 above and in the 2019 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

(a) Information regarding purchases made by NEE of its common stock during the three months ended March 31, 2020 is as follows:

| 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> |
|------------------|-------------------------------------------------|------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1/1/20 - 1/31/20 | —                                               | —                            | —                                                                        | 45,000,000                                                                          |
| 2/1/20 - 2/29/20 | 59,481                                          | \$ 278.52                    | —                                                                        | 45,000,000                                                                          |
| 3/1/20 - 3/31/20 | 509                                             | \$ 204.07                    | —                                                                        | 45,000,000                                                                          |
| Total            | 59,990                                          | \$ 277.89                    | —                                                                        |                                                                                     |

(a) Includes: (1) in February 2020, 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 (2) in March 2020, 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 NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan to an executive officer of deferred retirement share awards.

(b) In May 2017, NEE's Board of Directors authorized repurchases of up to 45 million shares of common stock over an unspecified period.

## Item 6. Exhibits

| Exhibit Number | Description                                                                                                                                                                                                                                                       | NEE | FPL |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| 4(a)           | <a href="#">Purchase Contract Agreement, dated as of February 1, 2020, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent</a>                                                                                               | x   |     |
| 4(b)           | <a href="#">Pledge Agreement, dated as of February 1, 2020, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent</a> | x   |     |
| 4(c)           | <a href="#">Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 21, 2020, creating the Series K Debentures due March 1, 2025</a>                                                                                                       | x   |     |
| *4(d)          | <a href="#">Officer's Certificate of Florida Power &amp; Light Company, dated March 13, 2020, creating the Floating Rate Notes, Series due March 13, 2070 (filed as Exhibit 4 to Form 8-K dated March 13, 2020, File No. 2-27612)</a>                             | x   | x   |
| 4(e)           | <a href="#">One Hundred Thirty-First Supplemental Indenture dated as of March 1, 2020 between Florida Power &amp; Light Company and Deutsche Bank Trust Company Americas, Trustee</a>                                                                             | x   | x   |
| *4(f)          | <a href="#">Officer's Certificate of NextEra Energy Capital Holdings, Inc. dated April 6, 2020, creating the 2.75% Debentures, Series due May 1, 2025 (filed as Exhibit 4 to Form 8-K dated April 6, 2020, File No. 1-8841)</a>                                   | x   |     |
| 22             | <a href="#">Guaranteed Securities</a>                                                                                                                                                                                                                             | x   |     |
| 31(a)          | <a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.</a>                                                                                                                                                         | x   |     |
| 31(b)          | <a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.</a>                                                                                                                                                         | x   |     |
| 31(c)          | <a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power &amp; Light Company</a>                                                                                                                                            |     | x   |
| 31(d)          | <a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power &amp; Light Company</a>                                                                                                                                            |     | x   |
| 32(a)          | <a href="#">Section 1350 Certification of NextEra Energy, Inc.</a>                                                                                                                                                                                                | x   |     |
| 32(b)          | <a href="#">Section 1350 Certification of Florida Power &amp; Light Company</a>                                                                                                                                                                                   |     | x   |
| 101.INS        | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document                                                                                                    | x   | x   |
| 101.SCH        | Inline XBRL Schema Document                                                                                                                                                                                                                                       | x   | x   |
| 101.PRE        | Inline XBRL Presentation Linkbase Document                                                                                                                                                                                                                        | x   | x   |
| 101.CAL        | Inline XBRL Calculation Linkbase Document                                                                                                                                                                                                                         | x   | x   |
| 101.LAB        | Inline XBRL Label Linkbase Document                                                                                                                                                                                                                               | x   | x   |
| 101.DEF        | Inline XBRL Definition Linkbase Document                                                                                                                                                                                                                          | x   | x   |
| 104            | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                                                                                                          | x   | x   |

\* 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.

## **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: April 23, 2020

NEXTERA ENERGY, INC.  
(Registrant)

**JAMES M. MAY**

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James M. May  
Vice President, Controller and Chief Accounting Officer  
(Principal Accounting Officer)

FLORIDA POWER & LIGHT COMPANY  
(Registrant)

**KEITH FERGUSON**

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Keith Ferguson  
Controller  
(Principal Accounting Officer)

## Exhibit 22

### GUARANTEED SECURITIES

Pursuant to Item 601(b)(22) of Regulation S-K, set forth below are securities issued by NextEra Energy Capital Holdings, Inc. (Issuer) and guaranteed by NextEra Energy, Inc. (Guarantor).

Issued under the Indenture (For Unsecured Debt Securities), dated as of June 1, 1999

|                                                         |
|---------------------------------------------------------|
| 4.50% Debentures, Series due June 1, 2021               |
| 3.625% Debentures, Series due June 15, 2023             |
| 2.80% Debentures, Series due August 27, 2020            |
| Series H Debentures due September 1, 2020               |
| Series I Debentures due September 1, 2021               |
| 3.55% Debentures, Series due May 1, 2027                |
| 2.80% Debentures, Series due January 15, 2023           |
| Floating Rate Debentures, Series due May 4, 2021        |
| Floating Rate Debentures, Series due August 28, 2021    |
| 3.20% Debentures, Series due February 25, 2022          |
| Floating Rate Debentures, Series due February 25, 2022  |
| 3.30% Debentures, Series due August 15, 2022            |
| Floating Rate Debentures, Series due September 28, 2020 |
| 2.90% Debentures, Series due April 1, 2022              |
| 3.15% Debentures, Series due April 1, 2024              |
| 3.25% Debentures, Series due April 1, 2026              |
| 3.50% Debentures, Series due April 1, 2029              |
| Series J Debentures due September 1, 2024               |
| 2.75% Debentures, Series due November 1, 2029           |
| 1.95% Debentures, Series due September 1, 2022          |
| Series K Debentures due March 1, 2025                   |
| 2.75% Debentures, Series due May 1, 2025                |

Issued under the Indenture (For Unsecured Subordinated Debt Securities), dated as of June 1, 2006

|                                                                |
|----------------------------------------------------------------|
| Series B Enhanced Junior Subordinated Debentures due 2066      |
| Series C Junior Subordinated Debentures due 2067               |
| Series I Junior Subordinated Debentures due November 15, 2072  |
| Series J Junior Subordinated Debentures due January 15, 2073   |
| Series K Junior Subordinated Debentures due June 1, 2076       |
| Series L Junior Subordinated Debentures due September 29, 2057 |
| Series M Junior Subordinated Debentures due December 1, 2077   |
| Series N Junior Subordinated Debentures due March 1, 2079      |
| Series O Junior Subordinated Debentures due May 1, 2079        |

## Exhibit 31(a)

### Rule 13a-14(a)/15d-14(a) Certification

I, James L. Robo, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2020 of NextEra Energy, Inc. (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

**JAMES L. ROBO**

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James L. Robo  
Chairman, President and Chief Executive Officer  
of NextEra Energy, Inc.

## Exhibit 31(b)

### Rule 13a-14(a)/15d-14(a) Certification

I, Rebecca J. Kujawa, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2020 of NextEra Energy, Inc. (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

**REBECCA J. KUJAWA**

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Rebecca J. Kujawa  
Executive Vice President, Finance and  
Chief Financial Officer  
of NextEra Energy, Inc.

## Exhibit 31(c)

### Rule 13a-14(a)/15d-14(a) Certification

I, Eric E. Silagy, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2020 of Florida Power & Light Company (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

**ERIC E. SILAGY**

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Eric E. Silagy  
President and Chief Executive Officer  
of Florida Power & Light Company

## Exhibit 31(d)

### Rule 13a-14(a)/15d-14(a) Certification

I, Rebecca J. Kujawa, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2020 of Florida Power & Light Company (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2020

**REBECCA J. KUJAWA**

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Rebecca J. Kujawa  
Executive Vice President, Finance  
and Chief Financial Officer  
of Florida Power & Light Company

## Exhibit 32(a)

### Section 1350 Certification

We, James L. Robo and Rebecca J. Kujawa, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of NextEra Energy, Inc. (the registrant) for the quarterly period ended March 31, 2020 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: April 23, 2020

**JAMES L. ROBO**

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James L. Robo  
Chairman, President and Chief Executive Officer  
of NextEra Energy, Inc.

**REBECCA J. KUJAWA**

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Rebecca J. Kujawa  
Executive Vice President, Finance and  
Chief Financial Officer  
of NextEra Energy, Inc.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

## Exhibit 32(b)

### Section 1350 Certification

We, Eric E. Silagy and Rebecca J. Kujawa, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of Florida Power & Light Company (the registrant) for the quarterly period ended March 31, 2020 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: April 23, 2020

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**ERIC E. SILAGY**

Eric E. Silagy  
President and Chief Executive Officer  
of Florida Power & Light Company

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**REBECCA J. KUJAWA**

Rebecca J. Kujawa  
Executive Vice President, Finance  
and Chief Financial Officer  
of Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).