NEXTERA ENERGY INC
Form 10-Q
July 26, 2017

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

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

For the quarterly period ended June 30, 2017

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

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.
NextEra Energy, Inc. Yes þ No ¨ Florida Power & Light Company Yes þ No ¨

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.
NextEra Energy, Inc. Yes þ No ¨ Florida Power & Light Company Yes þ 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. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer þ	Accelerated Filer ¨	Non-Accelerated Filer ¨	Smaller Reporting Company ¨	Emerging Growth Company ¨
Florida Power & Light Company	Large Accelerated Filer ¨	Accelerated Filer ¨	Non-Accelerated Filer þ	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. o

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 þ

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding as of June 30, 2017: 469,234,339

Number of shares of Florida Power & Light Company common stock, without par value, outstanding as of June 30, 2017, 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:

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC - equity	equity component of AFUDC
AOCI	accumulated other comprehensive income
capacity clause	capacity cost recovery clause, as established by the FPSC
Duane Arnold	Duane Arnold Energy Center
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly owned NEER 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.
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	NextEra Energy Resources, LLC
NEET	NextEra Energy Transmission, LLC
NEP	NextEra Energy Partners, LP
NEP OpCo	NextEra Energy Operating Partners, LP
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 wholly owned NEER 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 and NEER each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, NextEra, FPL Group, FPL Group Capital, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

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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, aim, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on 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, feed-in tariffs or the EPA's final rule under Section 111(d) of the Clean Air Act, 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, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.
- NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected as a result of new or revised laws, regulations, interpretations or other 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.

Operational Risks

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

- NEE and FPL may face risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities.
- The operation and maintenance of NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks, the consequences of which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.
- NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

- NEE's and FPL's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.
- Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NEE's and FPL's business, or the businesses of third parties, may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.
- The ability of NEE and FPL to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEE's and FPL's insurance coverage does not provide protection against all significant losses.
- 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 for certain existing projects to be 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, FPL's and NEER's ability to sell and deliver power or natural gas may be limited.
- NEE and FPL are subject to credit and performance risk from customers, hedging counterparties and vendors.
- NEE and FPL could recognize financial losses or a reduction in operating cash flows if a counterparty fails to perform or make payments in accordance with the terms of derivative contracts or if NEE or FPL is required to post margin cash collateral under derivative contracts.
- NEE and FPL are highly dependent on sensitive and complex information technology systems, and any failure or breach of those systems could have a material adverse effect on their business, financial condition, results of operations and prospects.
- NEE's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in a material adverse impact to their reputation and/or 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 materially adversely affected if FPL is 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 power industry.
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NEP’s acquisitions may not be completed and, even if completed, NEE may not realize the anticipated benefits of any acquisitions, which could materially adversely affect NEE’s business, financial condition, results of operations and prospects.

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 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 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.

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, 2016 (2016 Form 10-K), and investors should refer to that section of the 2016 Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and NEE and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any

factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

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, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' websites) are not incorporated by reference into this combined Form 10-Q. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at www.sec.gov.

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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
OPERATING REVENUES	$4,404	$3,817	$8,377	$7,651
OPERATING EXPENSES (INCOME)				
Fuel, purchased power and interchange	1,018	960	1,917	1,888
Other operations and maintenance	836	843	1,631	1,642
Merger	4	2	15	6
Depreciation and amortization	886	742	1,505	1,279
Gains on disposal of a business/assets - net	(1)	(254)	(1,101)	(254)
Taxes other than income taxes and other - net	376	355	720	687
Total operating expenses - net	3,119	2,648	4,687	5,248
OPERATING INCOME	1,285	1,169	3,690	2,403
OTHER INCOME (DEDUCTIONS)				
Interest expense	(430)	(602)	(790)	(1,111)
Benefits associated with differential membership interests - net	119	77	244	161
Equity in earnings of equity method investees	66	44	97	76
Allowance for equity funds used during construction	25	17	47	42
Interest income	19	20	39	39
Gains on disposal of investments and other property - net	3	12	48	27
Other - net	6	26	(16)	22
Total other deductions - net	(192)	(406)	(331)	(744)
INCOME BEFORE INCOME TAXES	1,093	763	3,359	1,659
INCOME TAXES	289	219	964	461
NET INCOME	804	544	2,395	1,198
LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	11	4	19	5
NET INCOME ATTRIBUTABLE TO NEE	$793	$540	$2,376	$1,193
Earnings per share attributable to NEE:				
Basic	$1.69	$1.17	$5.08	$2.59
Assuming dilution	$1.68	$1.16	$5.05	$2.57
Dividends per share of common stock	$0.9825	$0.87	$1.965	$1.74
Weighted-average number of common shares outstanding:				
Basic	467.9	461.3	467.7	460.9
Assuming dilution	471.7	464.6	471.0	464.0

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
NET INCOME	$804	$544	$2,395	$1,198
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive loss to net income (net of $1, $10, $4 and $23 tax expense, respectively)	5	13	14	36
Net unrealized gains (losses) on available for sale securities:				
Net unrealized gains on securities still held (net of $19, $12, $45 and $19 tax expense, respectively)	26	17	60	25
Reclassification from accumulated other comprehensive loss to net income (net of $1, $3, $11 and $4 tax benefit, respectively)	(1)	(5)	(17)	(6)
Defined benefit pension and other benefits plans (net of $6 and $4 tax expense and $4 tax benefit, respectively)	10	—	7	(7)
Net unrealized gains on foreign currency translation (net of less than $1 tax expense for all periods)	5	8	21	28
Other comprehensive loss related to equity method investee (net of less than $1, $1 and $3 tax benefit, respectively)	(1)	(1)	—	(4)
Total other comprehensive income, net of tax	44	32	85	72
COMPREHENSIVE INCOME	848	576	2,480	1,270
LESS COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	12	5	31	(8)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	$836	$571	$2,449	$1,278

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

	June 30, 2017	December 31, 2016
PROPERTY, PLANT AND EQUIPMENT		
Electric plant in service and other property	$83,317	$ 80,150
Nuclear fuel	2,038	2,131
Construction work in progress	5,349	4,732
Accumulated depreciation and amortization	(21,048)	(20,101)
Total property, plant and equipment - net ($13,807 and $14,632 related to VIEs, respectively)	69,656	66,912
CURRENT ASSETS		
Cash and cash equivalents	642	1,292
Customer receivables, net of allowances of $7 and $5, respectively	1,950	1,784
Other receivables	530	655
Materials, supplies and fossil fuel inventory	1,313	1,289
Regulatory assets	442	524
Derivatives	546	885
Assets held for sale	—	452
Other	524	528
Total current assets	5,947	7,409
OTHER ASSETS		
Special use funds	5,756	5,434
Other investments ($474 and $479 related to a VIE, respectively)	2,950	2,482
Prepaid benefit costs	1,187	1,177
Regulatory assets ($76 and $107 related to a VIE, respectively)	2,226	1,894
Derivatives	1,428	1,350
Other	3,740	3,335
Total other assets	17,287	15,672
TOTAL ASSETS	$92,890	$ 89,993
CAPITALIZATION		
Common stock ($0.01 par value, authorized shares - 800; outstanding shares - 469 and 468, respectively)	$5	$ 5
Additional paid-in capital	9,004	8,948
Retained earnings	16,914	15,458
Accumulated other comprehensive income (loss)	3	(70)
Total common shareholders' equity	25,926	24,341
Noncontrolling interests	950	990
Total equity	26,876	25,331
Long-term debt ($5,658 and $5,080 related to VIEs, respectively)	30,392	27,818
Total capitalization	57,268	53,149
CURRENT LIABILITIES		
Commercial paper	2,115	268
Other short-term debt	255	150
Current maturities of long-term debt	1,762	2,604
Accounts payable	1,814	3,447
Customer deposits	457	470
Accrued interest and taxes	744	480

Derivatives	277	404
Accrued construction-related expenditures	546	1,120
Regulatory liabilities	125	299
Liabilities associated with assets held for sale	—	451
Other	855	1,226
Total current liabilities	8,950	10,919
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	2,845	2,736
Deferred income taxes	12,102	11,101
Regulatory liabilities	4,750	4,906
Derivatives	507	477
Deferral related to differential membership interests - VIEs	4,358	4,656
Other	2,110	2,049
Total other liabilities and deferred credits	26,672	25,925
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$92,890	$ 89,993

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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

	Six Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$2,395	$1,198
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,505	1,279
Nuclear fuel and other amortization	143	188
Unrealized losses on marked to market derivative contracts - net	14	452
Foreign currency transaction losses (gains)	(12)	90
Deferred income taxes	886	406
Cost recovery clauses and franchise fees	10	137
Acquisition of purchased power agreement	(258)	—
Gains on disposal of a business/assets - net	(1,149)	(279)
Recoverable storm-related costs	(105)	9
Other - net	(117)	(134)
Changes in operating assets and liabilities:		
Current assets	(232)	(12)
Noncurrent assets	(105)	(74)
Current liabilities	149	47
Noncurrent liabilities	41	(37)
Net cash provided by operating activities	3,165	3,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(2,648)	(2,129)
Independent power and other investments of NEER	(4,106)	(3,719)
Nuclear fuel purchases	(149)	(115)
Other capital expenditures and other investments	(34)	(103)
Proceeds from sale of the fiber-optic telecommunications business	1,482	—
Sale of independent power and other investments of NEER	42	396
Proceeds from sale or maturity of securities in special use funds and other investments	1,419	1,609
Purchases of securities in special use funds and other investments	(1,531)	(1,654)
Proceeds from sales of noncontrolling interests in NEP	—	303
Other - net	16	(25)
Net cash used in investing activities	(5,509)	(5,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	2,771	2,509
Retirements of long-term debt	(1,885)	(996)
Net change in commercial paper	1,847	1,008
Proceeds from other short-term debt	200	500
Issuances of common stock - net	25	43
Dividends on common stock	(920)	(803)
Other - net	(344)	65
Net cash provided by financing activities	1,694	2,326

Net increase (decrease) in cash and cash equivalents	(650)	159
Cash and cash equivalents at beginning of period	1,292	571
Cash and cash equivalents at end of period	$642	$730
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	$1,288	$1,930
Decrease (increase) in property, plant and equipment - net as a result of cash grants primarily under the Recovery Act	$(145)	$347
Increase in property, plant and equipment as a result of a settlement/noncash exchange	$(142)	$(70)
Proceeds from differential membership investors used to reduce debt	$—	$100

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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

	Common Stock Shares	Common Stock Aggregate Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non-controlling Interests	Total Equity
Balances, December 31, 2016	468	$ 5	$ 8,948	$ (70)	$ 15,458	$ 24,341	$ 990	$ 25,331
Net income	—	—	—	—	2,376	2,376	19	
Issuances of common stock, net of issuance cost of less than $1	1	—	15	—	—	15	—	
Share-based payment activity	—	—	44	—	—	44	—	
Dividends on common stock	—	—	—	—	(920)	(920)	—	
Other comprehensive income	—	—	—	73	—	73	12	
Sale of NEER assets to NEP	—	—	—	—	—	—	(17)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(39)	
Other	—	—	(3)	—	—	(3)	(15)	
Balances, June 30, 2017	469	$ 5	$ 9,004	$ 3	$ 16,914	$ 25,926	$ 950	$ 26,876

	Common Stock Shares	Common Stock Aggregate Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non-controlling Interests	Total Equity
Balances, December 31, 2015	461	$ 5	$ 8,596	$ (167)	$ 14,140	$ 22,574	$ 538	$ 23,112
Net income	—	—	—	—	1,193	1,193	5	
Issuances of common stock, net of issuance cost of less than $1	—	—	16	—	—	16	—	
Share-based payment activity	1	—	64	—	—	64	—	
Dividends on common stock	—	—	—	—	(803)	(803)	—	
Other comprehensive income (loss)	—	—	—	85	—	85	(13)	
Sale of NEER assets to NEP	—	—	27	—	—	27	199	
Distributions to noncontrolling interests	—	—	—	—	—	—	(23)	
Other	—	—	—	—	18	18	2	
Balances, June 30, 2016	462	$ 5	$ 8,703	$ (82)	$ 14,548	$ 23,174	$ 708	$ 23,882

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
OPERATING REVENUES	$3,091	$2,750	$5,618	$5,054
OPERATING EXPENSES (INCOME)				
Fuel, purchased power and interchange	893	811	1,661	1,511
Other operations and maintenance	404	410	775	800
Depreciation and amortization	537	400	810	620
Taxes other than income taxes and other - net	316	301	620	581
Total operating expenses - net	2,150	1,922	3,866	3,512
OPERATING INCOME	941	828	1,752	1,542
OTHER INCOME (DEDUCTIONS)				
Interest expense	(121)	(117)	(240)	(229)
	19	14	34	38

Allowance for equity funds used during construction	3	1	3
Other - net	1	3	3
Total other deductions - net	(102)	(100)	(205)	(188)
INCOME BEFORE INCOME TAXES	839	728	1,547	1,354
INCOME TAXES	313	280	576	513
NET INCOME[a]	$526	$448	$971	$841

(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 2016 Form 10-K.

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

	June 30, 2017	December 31, 2016
ELECTRIC UTILITY PLANT AND OTHER PROPERTY		
Plant in service and other property	$46,178	$ 44,966
Nuclear fuel	1,313	1,308
Construction work in progress	2,928	2,039
Accumulated depreciation and amortization	(12,687)	(12,304)
Total electric utility plant and other property - net	37,732	36,009
CURRENT ASSETS		
Cash and cash equivalents	33	33
Customer receivables, net of allowances	974	768

of $4 and $2, respectively	
Other receivables	150 148
Materials, supplies and fossil fuel inventory	875 851
Regulatory assets	442 524
Derivatives	18 209
Other	168 213
Total current assets	2,660 2,746
OTHER ASSETS	
Special use funds	3,861 3,665
Prepaid benefit costs	1,342 1,301
Regulatory assets ($76 and $107 related to a VIE, respectively)	1,911 1,573
Other	324 207
Total other assets	7,408 6,746
TOTAL ASSETS	$47,800 $ 45,501
CAPITALIZATION	
Common stock (no par value, 1,000	$1,373 $ 1,373

shares authorized, issued and outstanding)	
Additional paid-in capital	8,329 8,332
Retained earnings	7,516 6,875
Total common shareholder's equity	17,180 16,580
Long-term debt ($107 and $144 related to a VIE, respectively)	10,088 9,705
Total capitalization	27,268 26,285
CURRENT LIABILITIES	
Commercial paper	1,000 268
Other short-term debt	250 150
Current maturities of long-term debt	461 367
Accounts payable	768 837
Customer deposits	453 466
Accrued interest and taxes	645 240
Accrued construction-related expenditures	267 262
Regulatory liabilities	113 294

Other	497
Total current liabilities	3,381
OTHER LIABILITIES AND DEFERRED CREDITS	
Asset retirement obligations	1,919
Deferred income taxes	8,541
Regulatory liabilities	4,893
Other	482
Total other liabilities and deferred credits	15,835
COMMITMENTS AND CONTINGENCIES	
TOTAL CAPITALIZATION AND LIABILITIES	$ 45,501

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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

	Six Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 971	$ 841
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	810	620
Nuclear fuel and other amortization	101	112
Deferred income taxes	399	493
Cost recovery clauses and franchise fees	10	137
Acquisition of purchased	(258)	—

power agreement		
Recoverable storm-related costs	(105)	91
Other net	(56)	(12)
Changes in operating assets and liabilities:		
Current assets	(227)	(24)
Noncurrent assets	(16)	14
Current liabilities	437	211
Noncurrent liabilities	(13)	(78)
Net cash provided by operating activities	2,053	2,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,648)	(2,129)
Nuclear fuel purchases	(91)	(70)
Proceeds from sale or maturity of securities in special use funds	902	1,079
Purchases of	(949)	(1,120)

securities in special use funds		
Other net	-26	28
Net cash used in investing activities	(2,763)	(2,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	200	—
Retirements of long-term debt	(35)	(33)
Net change in commercial paper	732	307
Proceeds from other short-term debt	200	500
Dividends to NEE	(400)	(900)
Other net	-13	6
Net cash provided by (used in) financing activities	710	(120)

Net decrease in cash and cash equivalents	(9)	
Cash and cash equivalents at beginning of period	33	23
Cash and cash equivalents at end of period	$ 33	$ 14
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	$ 477	$ 435
Increase in property, plant and equipment as a result of a noncash exchange	$ (144)	$ —

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 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 2016 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. 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) cost for the plans are as follows:

	Pension Benefits		Postretirement Benefits		Pension Benefits		Postretirement Benefits	
	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
	(millions)							
Service cost	$17	$15	$ 1	$ —	$33	$31	$ 1	$ 1
Interest cost	21	26	2	4	42	52	4	7
Expected return on plan assets	(68)	(65)	—	—	(135)	(130)	—	—
Amortization of prior service cost (benefit)	(1)	1	(2)	(1)	(1)	1	(2)	(2)
Special termination benefits	37	—	—	—	38	—	—	—
Postretirement benefits settlement	—	—	1	—	—	—	1	—
Net periodic (income) cost at NEE	$6	$(23)	$ 2	$ 3	$(23)	$(46)	$ 4	$ 6
Net periodic (income) cost at FPL	$6	$(14)	$ 1	$ 3	$(12)	$(29)	$ 3	$ 5

Amendments to Presentation of Retirement Benefits - In March 2017, the FASB issued an accounting standards update that requires certain changes in classification of components of net periodic pension and postretirement benefit costs within the income statement and allows only the service cost component to be eligible for capitalization. This standards update will be applied using the retrospective approach for presentation of the components of net periodic pension and postretirement benefit costs and the prospective approach for capitalization of service cost. NEE and FPL will apply this standards update on January 1, 2018, and are currently evaluating the impact the adoption will have on their consolidated financial statements.

2. Derivative Instruments

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated 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.

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

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; fuel purchases used in the production of electricity are recognized in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. For commodity derivatives, NEE believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NEE's and FPL's condensed consolidated statements of cash flows.

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 in NEE's condensed consolidated statements of income. In addition, for the six months ended June 30, 2017 and 2016, NEE reclassified approximately $2 million ($1 million after-tax) and $15 million ($9 million after tax), respectively, from AOCI to interest expense primarily because it became probable that related future transactions being hedged would not occur. At June 30, 2017, 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 $29 million of net losses included in AOCI at June 30, 2017 is expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in scheduled principal payments.

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at June 30, 2017 and December 31, 2016, 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 3 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the condensed consolidated balance sheets.

	June 30, 2017			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
NEE:				
Commodity contracts	$4,409	$ 2,883	$1,814	$ 429
Interest rate contracts	154	306	152	304
Foreign currency contracts	—	43	8	51
Total fair values	$4,563	$ 3,232	$1,974	$ 784

FPL:				
Commodity contracts	$27	$ 11	$18	$ 2
Net fair value by NEE balance sheet line item:				
Current derivative assets[(a)]			$546	
Noncurrent derivative assets[(b)]			1,428	
Current derivative liabilities				$ 277
Noncurrent derivative liabilities				507
Total derivatives			$1,974	$ 784
Net fair value by FPL balance sheet line item:				
Current derivative assets			$18	
Current other liabilities				$ 2
Total derivatives			$18	$ 2

(a) Reflects the netting of approximately $125 million in margin cash collateral received from counterparties.
(b) Reflects the netting of approximately $16 million in margin cash collateral received from counterparties.

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

	December 31, 2016			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
NEE:				
Commodity contracts	$4,590	$ 2,968	$1,938	$ 483
Interest rate contracts	288	284	296	292
Foreign currency contracts	1	106	1	106
Total fair values	$4,879	$ 3,358	$2,235	$ 881
FPL:				
Commodity contracts	$212	$ 4	$209	$ 1
Net fair value by NEE balance sheet line item:				
Current derivative assets[(a)]			$885	
Noncurrent derivative assets[(b)]			1,350	
Current derivative liabilities				$ 404
Noncurrent derivative liabilities				477
Total derivatives			$2,235	$ 881
Net fair value by FPL balance sheet line item:				
Current derivative assets			$209	
Current other liabilities				$ 1
Total derivatives			$209	$ 1

(a) Reflects the netting of approximately $96 million in margin cash collateral received from counterparties.
(b) Reflects the netting of approximately $71 million in margin cash collateral received from counterparties.

At June 30, 2017 and December 31, 2016, NEE had approximately $11 million and $5 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's condensed consolidated balance sheets. Additionally, at June 30, 2017 and December 31, 2016, NEE had approximately $160 million and $129 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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(millions)			
Commodity contracts:[(a)]				
Operating revenues	$132	$(92)	$424	$238

Fuel, purchased power and interchange	—	(4)	—	(2)
Foreign currency contracts - interest expense	36	52	57	81
Foreign currency contracts - other - net	(2)	1	(2)	3
Interest rate contracts - interest expense	(145)	(278)	(190)	(457)
Losses reclassified from AOCI to interest expense:				
Interest rate contracts	(13)	(25)	(23)	(53)
Foreign currency contracts	(77)	(3)	(79)	(6)
Total	$(69)	$(349)	$187	$(196)

(a) For the three and six months ended June 30, 2017, FPL recorded losses of approximately $47 million and $152 million, respectively, related to commodity contracts as regulatory assets on its condensed consolidated balance sheets. For the three and six months ended June 30, 2016, FPL recorded gains of approximately $178 million and $70 million, respectively, related to commodity contracts as regulatory liabilities on its condensed consolidated balance sheets.

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

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:

	June 30, 2017		December 31, 2016	
Commodity Type	NEE	FPL	NEE	FPL
	(millions)			
Power	(80) MWh	—	(84) MWh	—
Natural gas	1,033 MMBtu	466 MMBtu	1,002 MMBtu	618 MMBtu
Oil	(16) barrels	—	(7) barrels	—

At June 30, 2017 and December 31, 2016, NEE had interest rate contracts with notional amounts totaling approximately $14.9 billion and $15.1 billion, respectively, and foreign currency contracts with notional amounts totaling approximately $719 million and $705 million, 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 June 30, 2017 and December 31, 2016, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $1.1 billion ($10 million for FPL) and $1.3 billion ($5 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 two level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately $130 million (none at FPL) as of June 30, 2017 and $110 million (none at FPL) as of December 31, 2016. 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 $1.0 billion ($35 million at FPL) as of June 30, 2017 and $990 million ($10 million at FPL) as of December 31, 2016. 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 $245 million ($150 million at FPL) as of June 30, 2017 and $225 million ($115 million at FPL) as of December 31, 2016.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At June 30, 2017 and December 31, 2016, applicable NEE subsidiaries have posted approximately $2 million (none at FPL) and $1 million (none at FPL), respectively, in cash and $42 million (none at FPL) and $30 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 credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

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

3. Fair Value Measurements

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

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

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

	June 30, 2017				
	Level 1	Level 2	Level 3	Netting[a]	Total
	(millions)				
Assets:					
Cash equivalents and restricted cash:[b]					
NEE - equity securities	$359	$—	$—		$359
FPL - equity securities	$104	$—	$—		$104
Special use funds:[c]					
NEE:					
Equity securities	$1,547	$1,621[d]	$—		$3,168
U.S. Government and municipal bonds	$354	$162	$—		$516
Corporate debt securities	$1	$803	$—		$804
Mortgage-backed securities	$—	$458	$—		$458
Other debt securities	$—	$117	$—		$117
FPL:					
Equity securities	$424	$1,478[d]	$—		$1,902
U.S. Government and municipal bonds	$253	$135	$—		$388
Corporate debt securities	$—	$575	$—		$575
Mortgage-backed securities	$—	$351	$—		$351
Other debt securities	$—	$106	$—		$106
Other investments:					
NEE:					
Equity securities	$23	$10	$—		$33
Debt securities	$7	$137	$—		$144
Derivatives:					
NEE:					
Commodity contracts	$1,543	$1,541	$1,325	$(2,595)	$1,814[e]
Interest rate contracts	$—	$154	$—	$(2)	$152[e]
Foreign currency contracts	$—	$—	$—	$8	$8[e]
FPL - commodity contracts	$—	$26	$1	$(9)	$18[e]
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	$1,461	$938	$484	$(2,454)	$429[e]
Interest rate contracts	$—	$189	$117	$(2)	$304[e]
Foreign currency contracts	$—	$43	$—	$8	$51[e]
FPL - commodity contracts	$—	$8	$3	$(9)	$2[e]

(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 the master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

(b) Includes restricted cash of approximately $142 million ($92 million for FPL) in other current 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) See Note 2 - 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, 2016				
	Level 1	Level 2	Level 3	Netting[a]	Total
	(millions)				
Assets:					
Cash equivalents and restricted cash:[b]					
NEE - equity securities	$982	$—	$—		$982
FPL - equity securities	$120	$—	$—		$120
Special use funds:[c]					
NEE:					
Equity securities	$1,410	$1,503[d]	$—		$2,913
U.S. Government and municipal bonds	$296	$170	$—		$466
Corporate debt securities	$1	$763	$—		$764
Mortgage-backed securities	$—	$498	$—		$498
Other debt securities	$—	$81	$—		$81
FPL:					
Equity securities	$373	$1,372[d]	$—		$1,745
U.S. Government and municipal bonds	$221	$141	$—		$362
Corporate debt securities	$—	$547	$—		$547
Mortgage-backed securities	$—	$384	$—		$384
Other debt securities	$—	$70	$—		$70
Other investments:					
NEE:					
Equity securities	$26	$9	$—		$35
Debt securities	$8	$153	$—		$161
Derivatives:					
NEE:					
Commodity contracts	$1,563	$1,827	$1,200	$(2,652)	$1,938[e]
Interest rate contracts	$—	$285	$3	$8	$296[e]
Foreign currency contracts	$—	$1	$—	$—	$1[e]
FPL - commodity contracts	$—	$208	$4	$(3)	$209[e]
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	$1,476	$980	$512	$(2,485)	$483[e]
Interest rate contracts	$—	$171	$113	$8	$292[e]
Foreign currency contracts	$—	$106	$—	$—	$106[e]
FPL - commodity contracts	$—	$1	$3	$(3)	$1[e]

(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 the master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

(b) Includes restricted cash of approximately $164 million ($120 million for FPL) in other current 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) See Note 2 - 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, 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.

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

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

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at June 30, 2017 are as follows:

Transaction Type	Fair Value at June 30, 2017 Assets (millions)	Fair Value at June 30, 2017 Liabilities (millions)	Valuation Technique(s)	Significant Unobservable Inputs	Range
Forward contracts - power	$762	$ 216	Discounted cash flow	Forward price (per MWh)	$— – $92
Forward contracts - gas	24	11			$2 – $6

			Discounted cash flow	Forward price (per MMBtu)	
Options - power	33	22	Option models	Implied correlations	1% – 100%
				Implied volatilities	8% – 246%
Options - primarily gas	187	208	Option models	Implied correlations	1% – 100%
				Implied volatilities	—% – 102%
Full requirements and unit contingent contracts	319	27	Discounted cash flow	Forward price (per MWh)	$(20) – $230
				Customer migration rate[(a)]	—% – 20%
Total	$1,325	$ 484			

(a) Applies only to full requirements contracts.

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

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

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

In addition, the fair value measurement of interest rate contract net liabilities related to the solar projects in Spain of approximately $117 million at June 30, 2017 includes a significant credit valuation adjustment. The credit valuation adjustment, considered an unobservable input, reflects management's assessment of non-performance risk of the subsidiaries related to the solar projects in Spain that are party to the contracts.

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

	Three Months Ended June 30,			
	2017		2016	
	NEE	FPL	NEE	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at March 31	$715	$(4)	$649	$(8)
Realized and unrealized gains (losses):				
Included in earnings[a]	144	—	(34)	—
Included in other comprehensive income (loss)[b]	(10)	—	3	—
Included in regulatory assets and liabilities	—	—	3	3
Purchases	23	—	75	—
Settlements	(72)	2	(95)	4
Issuances	(88)	—	(69)	—
Transfers in[c]	6	—	—	—
Transfers out[c]	6	—	—	—
Fair value of net derivatives based on significant unobservable inputs at June 30	$724	$(2)	$532	$(1)
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date[d]	$135	$—	$(38)	$—

(a) For the three months ended June 30, 2017 and 2016, realized and unrealized gains (losses) of approximately $140 million and $(28) million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is primarily reflected in interest expense.

(b) Reflected in net unrealized gains on foreign currency translation on the condensed consolidated statements of comprehensive income.

(c) Transfers into Level 3 were a result of decreased observability of market data and transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(d) For the three months ended June 30, 2017 and 2016, unrealized gains (losses) of approximately $131 million and $(32) million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

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	Six Months Ended June 30,			
	2017		2016	
	NEE	FPL	NEE	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior period	$578	$1	$538	$—
Realized and unrealized gains (losses):				
Included in earnings[a]	360	—	220	—
Included in other comprehensive income[b]	(11)	—	(3)	—
Included in regulatory assets and liabilities	(2)	(2)	—	—
Purchases	45	—	175	—
Settlements	(157)	(1)	(228)	(1)
Issuances	(104)	—	(143)	—
Transfers in[c]	14	—	3	—
Transfers out[c]	1	—	(30)	—
Fair value of net derivatives based on significant unobservable inputs at June 30	$724	$(2)	$532	$(1)
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date[d]	$284	$—	$125	$—

(a) For the six months ended June 30, 2017 and 2016, realized and unrealized gains of approximately $356 million and $246 million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is primarily reflected in interest expense.

(b) Reflected in net unrealized gains on foreign currency translation on the condensed consolidated statements of comprehensive income.

(c) Transfers into Level 3 were a result of decreased observability of market data and transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(d) For the six months ended June 30, 2017 and 2016, unrealized gains of approximately $280 million and $151 million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected 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:

	June 30, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds[a]	$693	$ 693	$712	$ 712
Other investments - primarily notes receivable[b]	$508	$ 663	$526	$ 668
Long-term debt, including current maturities	$32,149	$ 34,289 [c]	$30,418 [d]	$ 31,623 [c][d]
FPL:				

Special use funds[a]	$539	$ 539		$557	$ 557	
Long-term debt, including current maturities	$10,549	$ 11,984	[c]	$10,072	$ 11,211	[c]

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

(b) Primarily a note receivable which bears interest at a fixed rate and matures in 2029. At June 30, 2017, the note receivable is classified as held for sale and being marketed with debt secured by this note receivable (see Note 6 - NEER). Fair values are estimated using an income approach utilizing a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower (Level 3).

(c) As of June 30, 2017 and December 31, 2016, for NEE, approximately $32,399 million and $29,804 million, respectively, is estimated using a market approach based on quoted market prices for the same or similar issues (Level 2); the balance is estimated using an income approach utilizing a discounted cash flow valuation technique, considering the current credit profile of the debtor (Level 3). For FPL, primarily estimated using quoted market prices for the same or similar issues (Level 2).

(d) Excludes debt totaling $373 million reflected in liabilities associated with assets held for sale on NEE's condensed consolidated balance sheet for which the carrying amount approximates fair value. See Note 9 - Assets and Liabilities Associated with Assets Held for Sale.

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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 $5,756 million and $5,434 million at June 30, 2017 and December 31, 2016, respectively ($3,861 million and $3,665 million, respectively, for FPL). The investments held in the special use funds consist of equity and debt securities which are primarily classified as available for sale and carried at estimated fair value. The amortized cost of debt and equity securities is approximately $1,875 million and $1,591 million, respectively, at June 30, 2017 and $1,820 million and $1,543 million, respectively, at December 31, 2016 ($1,406 million and $782 million, respectively, at June 30, 2017 and $1,373 million and $764 million, respectively, at December 31, 2016 for FPL). For FPL's special use funds, consistent with regulatory treatment, changes in fair value, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory asset or liability accounts. For NEE's non-rate regulated operations, changes in fair value result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds and included in other - net in NEE's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at June 30, 2017 of approximately eight years at both NEE and FPL. 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 securities are as follows:

	NEE		FPL		NEE		FPL	
	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
	(millions)							
Realized gains	$22	$33	$13	$16	$76	$55	$26	$26
Realized losses	$14	$20	$7	$12	$43	$38	$26	$22
Proceeds from sale or maturity of securities	$627	$727	$395	$551	$1,253	$1,428	$836	$1,081

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

	NEE		FPL	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	(millions)			
Equity securities	$1,584	$ 1,396	$1,126	$ 1,007
Debt securities	$36	$ 22	$27	$ 17

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

	NEE		FPL	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	(millions)			
Unrealized losses[(a)]	$16	$ 34	$13	$ 28
Fair value	$756	$ 959	$575	$ 722

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at June 30, 2017 and December 31, 2016 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.

4. Income Taxes

NEE's effective income tax rates for the three months ended June 30, 2017 and 2016 were approximately 26% and 29%, respectively. The rates for both periods reflect the benefit of PTCs of approximately $30 million and $31 million, respectively, related to NEER's wind projects, as well as ITCs and deferred income taxes associated with grants under the Recovery Act (convertible ITCs) totaling approximately $42 million and $43 million, respectively, related to solar and certain wind projects at NEER.

NEE's effective income tax rates for the six months ended June 30, 2017 and 2016 were approximately 29% and 28%, respectively. The rates for both periods reflect the benefit of PTCs of approximately $58 million and $73 million, respectively, related to NEER's wind projects, as well as ITCs and deferred income taxes associated with convertible ITCs totaling approximately $169 million and $79 million, respectively, related to solar and certain wind projects at

NEER.

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 and deferred income taxes associated with convertible ITCs, can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs after ten years of production (PTC roll off).

In April 2016, a court decision was issued approving a reorganization of certain Canadian assets that provided for tax bases in certain of these assets (Canadian tax restructuring). NEE recorded approximately $30 million of the associated income tax benefits during the three and six months ended June 30, 2016, which effectively reversed a portion of the income tax charge NEE recorded in the second quarter of 2014 associated with structuring Canadian assets. In addition, consolidating income tax adjustments for the three and six months ended June 30, 2016 include an approximately $58 million income tax charge related to the sale of NEER's ownership interest in merchant natural gas generation facilities located in Texas with a total generating capacity of 2,884 MW (Texas natural gas generation facilities). See Note 9 - Assets and Liabilities Associated with Assets Held for Sale.

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5. Oncor-Related Transactions

From July 2016 through October 2016, NEE and certain of its affiliates entered into several agreements with Energy Future Holdings Corp. (EFH) and Energy Future Intermediate Holding Company LLC (EFIH), Texas Transmission Holdings Corporation (TTHC), Oncor Management Investment LLC and certain of their affiliates, which would have resulted in NEE owning 100% of Oncor Electric Delivery Company LLC (Oncor) if the transactions contemplated by those agreements would have been consummated. The agreements with EFH and EFIH and TTHC were subject to, among other things, approval by the Public Utility Commission of Texas (PUCT) and FERC (which FERC approval was received in January 2017), as well as receipt of a supplemental private letter ruling from the Internal Revenue Service. On April 13, 2017, the PUCT issued a final order denying NEE's purchase of Oncor because the PUCT found that the transactions by which NEE would acquire all equity interests in Oncor were not in the public interest. The PUCT denied NEE's most recent motion for rehearing on June 29, 2017. On July 6, 2017, EFH and EFIH provided a written notice (notice) to NEE terminating the agreement and plan of merger, dated as of July 29, 2016, as amended (merger agreement), under which EFH Merger Co., LLC (Merger Sub), a direct wholly owned subsidiary of NEE, would have acquired 100% of the equity of reorganized EFH and certain of its subsidiaries, including its indirect ownership of approximately 80% of the outstanding equity interests of Oncor. The notice provided a number of purported bases for the termination. On July 7, 2017, NEE and Merger Sub provided a written reply to the notice to EFH and EFIH indicating that NEE and Merger Sub do not agree that the bases for termination of the merger agreement represent valid or effective bases for termination of the merger agreement, other than termination as a result of the fact that specified approvals and rulings were not obtained by a deadline prescribed in the merger agreement. NEE and Merger Sub believe they are entitled to a $275 million termination fee as a result of the termination of the merger agreement if any alternative transactions are consummated and are pursuing their rights accordingly.

6. Variable Interest Entities (VIEs)

As of June 30, 2017, NEE had thirty-two VIEs which it consolidated and had interests in certain other VIEs which it did not consolidate.

FPL - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the FPSC. FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued $652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately $644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and are secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately $177 million and $216 million at June 30, 2017 and December 31, 2016, respectively, and consisted primarily of storm-recovery property,

which are included in both current and noncurrent regulatory assets on NEE's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately $179 million and $214 million at June 30, 2017 and December 31, 2016, respectively, and consisted primarily of storm-recovery bonds, which are included in long-term debt on NEE's and FPL's condensed consolidated balance sheets.

NEER - NEE consolidates thirty-one NEER VIEs. NEER is considered the primary beneficiary of these VIEs since NEER controls the most significant activities of these VIEs, including operations and maintenance, and has the obligation to absorb expected losses of these VIEs.

A subsidiary of NEER is the primary beneficiary of, and therefore consolidates, NEP, which consolidates NEP OpCo because of NEP’s controlling interest in the general partner of NEP OpCo. NEP is a limited partnership formed to acquire, manage and own contracted clean energy projects with stable, long-term cash flows through a limited partner interest in NEP OpCo. NEE owns a controlling non-economic general partner interest in NEP and a limited partner interest in NEP OpCo, and presents NEP's limited partner interest as a noncontrolling interest in NEE's consolidated financial statements. At June 30, 2017, NEE owned common units of NEP OpCo representing a noncontrolling interest in NEP’s operating projects of approximately 65.1%. The assets and liabilities of NEP were approximately $7.5 billion and $5.4 billion, respectively, at June 30, 2017, and $7.2 billion and $5.0 billion, respectively, at December 31, 2016, and primarily consisted of property, plant and equipment and long-term debt. During the second quarter of 2017, intentions to pursue changes to NEP's current governance structure were announced that, among other things, will enhance NEP unitholder governance rights. As a result of these announced governance changes, NEE expects to deconsolidate NEP beginning in January 2018.

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A NEER VIE consolidates two entities which own and operate natural gas/oil electric generation facilities with the capability of producing 110 MW. These entities sell their electric output under power sales contracts to a third party, with expiration dates in 2018 and 2020. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. The entities have third-party debt which is secured by liens against the generation facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of the VIE were approximately $77 million and $28 million, respectively, at June 30, 2017 and $95 million and $42 million, respectively, at December 31, 2016, and consisted primarily of property, plant and equipment and long-term debt.

Two indirect subsidiaries of NEER each contributed, to a NEP subsidiary, an approximately 50% ownership interest in three entities which own and operate solar PV facilities with the capability of producing a total of approximately 277 MW. Each of the two indirect subsidiaries of NEER is considered a VIE since the non-managing members have no substantive rights over the managing members, and is consolidated by NEER. These three entities sell their electric output to third parties under power sales contracts with expiration dates in 2035 and 2036. The three 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 NEER for the repayment of debt. The assets and liabilities of these VIEs were approximately $571 million and $493 million, respectively, at June 30, 2017 and $571 million and $487 million, respectively, at December 31, 2016, and consisted primarily of property, plant and equipment and long-term debt.

NEER consolidates a special purpose entity that has insufficient equity at risk and is considered a VIE. The entity provided a loan in the form of a note receivable (see Note 3 - Fair Value of Financial Instruments Recorded at Other than Fair Value) to an unrelated third party, and also issued senior secured bonds which are collateralized by the note receivable. The assets and liabilities of the VIE were approximately $494 million and $505 million, respectively, at June 30, 2017, and $502 million and $511 million, respectively at December 31, 2016, and consisted primarily of notes receivables (included in other investments and classified as held for sale as of June 30, 2017) and long-term debt.

The other twenty-six NEER 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 6,322 MW and 374 MW, respectively. These entities sell their electric output either under power sales contracts to third parties with expiration dates ranging from 2018 through 2046 or in the spot market. Certain investors that have no equity at risk in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generation facilities, including certain tax attributes. Certain 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 NEER's ownership interest in these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of these VIEs totaled approximately $10.1 billion and $5.7 billion, respectively, at June 30, 2017. There were twenty-seven consolidated VIE's at December 31, 2016; the assets and liabilities of those VIEs totaled approximately $10.9 billion and $6.9 billion, respectively. At June 30, 2017 and December 31, 2016, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

Other - As of June 30, 2017 and December 31, 2016, several NEE subsidiaries had investments totaling approximately $2,572 million ($2,106 million at FPL) and $2,505 million ($2,049 million at FPL), respectively, which are included in special use funds and other investments on NEE's condensed consolidated balance sheets and in special use funds

on FPL's condensed consolidated balance sheets. These investments represented primarily commingled funds and mortgage-backed securities. NEE subsidiaries, including FPL, are not the primary beneficiary and therefore do not consolidate any of these entities because they do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

Certain subsidiaries of NEE have noncontrolling interests in entities accounted for under the equity method. These entities are limited partnerships or similar entity structures in which the limited partners or nonmanaging members do not have substantive rights, 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 $252 million and $234 million at June 30, 2017 and December 31, 2016, respectively, which are included in other investments on NEE’s condensed consolidated balance sheets. Subsidiaries of NEE had committed to invest an additional approximately $25 million and $30 million in two of the entities as of June 30, 2017 and December 31, 2016, respectively.

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7. Equity

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(millions, except per share amounts)			
Numerator - net income attributable to NEE	$793	$540	$2,376	$1,193
Denominator:				
Weighted-average number of common shares outstanding - basic	467.9	461.3	467.7	460.9
Equity units, stock options, performance share awards, forward sale agreements and restricted stock[(a)]	3.8	3.3	3.3	3.1
Weighted-average number of common shares outstanding - assuming dilution	471.7	464.6	471.0	464.0
Earnings per share attributable to NEE:				
Basic	$1.69	$1.17	$5.08	$2.59
Assuming dilution	$1.68	$1.16	$5.05	$2.57

(a) 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 equity units, stock options and performance share awards, as well as restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 0.4 million and 0.3 million for the three months ended June 30, 2017 and 2016, respectively, and 6.2 million and 0.2 million for the six months ended June 30, 2017 and 2016, respectively.

Forward Sale Agreements - In November 2016, NEE entered into forward sale agreements with several forward counterparties for 12 million shares of its common stock to be settled on a date or dates to be specified at NEE's direction, no later than November 1, 2017. During the second quarter of 2017, NEE notified the forward counterparties of its election to net share settle all of the shares of its common stock under their respective forward sale agreement. One forward counterparty’s forward sale agreement for 6 million shares settled on June 28, 2017 with NEE issuing 744,599 shares of its common stock. The forward sale price used to determine the net share settlement amount was calculated based on the initial forward sale price of $124.00 per share, less certain adjustments as specified in the forward sale agreements. The remaining forward counterparties’ forward sale agreements are expected to settle in the third quarter of 2017. At June 30, 2017, if NEE had net share settled the remaining forward sale agreements with the forward counterparties using the June 30, 2017 closing price per share for NEE common stock of $140.13, NEE would have issued approximately 820,000 shares of its common stock.

NEP Series A Preferred Unit Purchase Agreement - In June 2017, NEP entered into a Series A Preferred Unit Purchase Agreement to issue and sell, on or before December 31, 2017, $550 million of Series A convertible preferred units representing limited partner interests in NEP (NEP preferred units). When issued, holders of the NEP preferred

units will be entitled to receive certain cumulative quarterly distributions from NEP, which may be paid, at NEP's election and subject to certain limitations, in cash, additional NEP preferred units or a combination thereof. Each holder of NEP preferred units (together with its affiliates) may elect to convert all or any portion of its NEP preferred units into common units of NEP initially on a one-for-one basis, subject to certain adjustments (the conversion rate), at any time after June 20, 2019, subject to certain conditions. NEP may elect to convert all or a portion of the NEP preferred units into NEP common units based on the conversion rate at any time after the first anniversary of the date of issuance of the NEP preferred units being converted if certain conditions are met and subject to certain maximum conversion amounts prior to the third anniversary of the final closing date.

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

	Accumulated Other Comprehensive Income (Loss)					
	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 Loss Related to Equity Method Investee	Total
	(millions)					
Three Months Ended June 30, 2017						
Balances, March 31, 2017	$(101)	$ 243	$ (86)	$ (75)	$ (21)	$(40)
Other comprehensive income (loss) before reclassifications	—	26	10	5	(1)	40
Amounts reclassified from AOCI	5 [(a)]	(1) [(b)]	—	—	—	4
Net other comprehensive income (loss)	5	25	10	5	(1)	44
Less other comprehensive income attributable to noncontrolling interests	—	—	—	1	—	1
Balances, June 30, 2017	$(96)	$ 268	$ (76)	$ (71)	$ (22)	$3

(a) Reclassified to interest expense in NEE's condensed consolidated statements of income. See Note 2 - 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.

	Accumulated Other Comprehensive Income (Loss)					
	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 Loss Related to Equity Method Investee	Total
	(millions)					
Three Months Ended June 30, 2016						
Balances, March 31, 2016	$(146)	$ 181	$ (69)	$ (52)	$ (27)	$(113)
Other comprehensive income (loss) before reclassifications	—	17	—	8	(1)	24
Amounts reclassified from AOCI	13 [(a)]	(5) [(b)]	—	—	—	8
Net other comprehensive income (loss)	13	12	—	8	(1)	32
Less other comprehensive income attributable to noncontrolling interests	1	—	—	—	—	1
Balances, June 30, 2016	$(134)	$ 193	$ (69)	$ (44)	$ (28)	$(82)

(a) Reclassified to interest expense in NEE's condensed consolidated statements of income. See Note 2 - 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.

	Accumulated Other Comprehensive Income (Loss)					
	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 Loss Related to Equity Method Investee	Total
	(millions)					
Six Months Ended June 30, 2017						
Balances, December 31, 2016	$(100)	$ 225	$ (83)	$ (90)	$ (22)	$(70)
Other comprehensive income before reclassifications	—	60	7	21	—	88
Amounts reclassified from AOCI	14 [a]	(17) [b]	—	—	—	(3)
Net other comprehensive income	14	43	7	21	—	85
Less other comprehensive income attributable to noncontrolling interests	10	—	—	2	—	12
Balances, June 30, 2017	$(96)	$ 268	$ (76)	$ (71)	$ (22)	$3

(a) Reclassified to interest expense in NEE's condensed consolidated statements of income. See Note 2 - 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.

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	Accumulated Other Comprehensive Income (Loss)					
	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 Loss Related to Equity Method Investee	Total
	(millions)					
Six Months Ended June 30, 2016						
Balances, December 31, 2015	$(170)	$ 174	$ (62)	$ (85)	$ (24)	$(167)
Other comprehensive income (loss) before reclassifications	—	25	(7)	28	(4)	42
Amounts reclassified from AOCI	36 [a]	(6) [b]	—	—	—	30
Net other comprehensive income (loss)	36	19	(7)	28	(4)	72
Less other comprehensive loss attributable to noncontrolling interests	—	—	—	(13)	—	(13)
Balances, June 30, 2016	$(134)	$ 193	$ (69)	$ (44)	$ (28)	$(82)

(a) Reclassified to interest expense in NEE's condensed consolidated statements of income. See Note 2 - 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.

8. Debt

Significant long-term debt issuances and borrowings by subsidiaries of NEE during the six months ended June 30, 2017 were as follows:

	Principal Amount (millions)	Interest Rate		Maturity Date
FPL:				
Other long-term debt	$ 200	Variable	[a]	2018
NEECH:				
Debentures	$ 1,250	3.55	%	2027
Japanese yen denominated term loan	$ 535	Variable	[a]	2020
NEER:				
Senior secured revolving credit facility	$ 110	Variable	[a]	2019
Senior secured limited-recourse term loans	$ 308	Variable	[a]	2026
Other long-term debt	$ 350	Variable	[a]	2018 - 2019

(a) Variable rate is based on an underlying index plus a margin. Interest rate swap agreements have been entered into with respect to certain of these issuances and a foreign currency swap has been entered into with respect to the Japanese yen denominated term loan. See Note 2.

9. Summary of Significant Accounting and Reporting Policies

Revenue Recognition - In May 2014, the FASB issued an accounting standards update, which was subsequently amended, that provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures regarding such contracts. NEE is currently evaluating individual contracts to determine the impact this standards update will have on its consolidated financial statements. FPL and NEER generate substantially all of NEE's operating revenues. FPL's operating revenues are derived primarily from tariff-based sales that result from providing electricity to retail customers with no defined contractual term. For these types of sales, FPL expects that the operating revenues will be equivalent to the electricity delivered and billed in that period under the standards update, which is consistent with current practice. NEER continues to evaluate its individual contracts and awaits the final resolution of certain industry-specific implementation issues in order to determine the impact, if any, this standards update will have on NEE's consolidated financial statements. NEE and FPL intend to apply this standards update retrospectively with the cumulative effect, if any, recognized as an adjustment to retained earnings as of January 1, 2018.

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Accounting for Partial Sales of Nonfinancial Assets - In February 2017, the FASB issued an accounting standards update regarding the accounting for partial sales of nonfinancial assets. NEE and FPL intend to apply this standards update retrospectively with the cumulative effect recognized as an adjustment to retained earnings and/or additional paid-in capital as of January 1, 2018, concurrent with the FASB's revenue recognition standards update. Based on NEE’s current analysis, this standards update is expected to affect the accounting and related financial statement presentation for the sales of differential membership interests to third-party investors and the sales of NEER assets to indirect subsidiaries of NEP. NEE anticipates the liability reflected as deferral related to differential membership interests - VIEs on NEE's consolidated balance sheets will be reclassified to noncontrolling interests and the amount currently being recognized in benefits associated with differential membership interests - net in NEE's consolidated statements of income will be reflected as a reduction to net income attributable to noncontrolling interests. Additionally, NEE continues to evaluate the sales of differential membership interests to third-party investors to determine if the amount or timing of income attributed to differential membership interests could change materially from amounts recorded under its current accounting method. For NEER asset sales to NEP, NEE anticipates the profit sharing liability currently reflected in noncurrent other liabilities on NEE’s consolidated balance sheets will be reclassified to additional paid-in capital and will no longer be amortized into income. While NEE continues to evaluate this standards update for other potential impacts the adoption may have on its consolidated financial statements, the adoption of this standards update is not expected to have an impact on FPL.

Electric Plant, Depreciation and Amortization - NEER reviews the estimated useful lives of its fixed assets on an ongoing basis. NEER's most recent review indicated that the actual lives of certain equipment at its wind plants are expected to be longer than those previously estimated for depreciation purposes. As a result, effective January 1, 2017, NEER changed the estimated useful lives of certain wind plant equipment from 30 years to 35 years to better reflect the period during which these assets are expected to remain in service. This change increased net income attributable to NEE by approximately $15 million and $30 million and basic and diluted earnings per share attributable to NEE by approximately $0.03 and $0.06 for the three and six months ended June 30, 2017, respectively. For the year ended December 31, 2017 the change is expected to increase net income attributable to NEE by approximately $60 million.

Assets and Liabilities Associated with Assets Held for Sale - In January 2017, an indirect wholly owned subsidiary of NEE completed the sale of its membership interests in its fiber-optic telecommunications business for net cash proceeds of approximately $1.1 billion, after repayment of $370 million of related long-term debt. In connection with the sale and the related consolidating state income tax effects, a gain of approximately $1.1 billion (approximately $685 million after tax) was recorded in NEE's condensed consolidated statements of income during the six months ended June 30, 2017 and is included in gains on disposal of a business/assets - net. The carrying amounts of the major classes of assets and liabilities that were classified as held for sale on NEE's condensed consolidated balance sheets as of December 31, 2016 primarily represent property, plant and equipment and the related long-term debt.

In the second quarter of 2016, a subsidiary of NEER completed the sale of the Texas natural gas generation facilities for net cash proceeds of approximately $456 million, after transaction costs and working capital adjustments. In connection with the sale and the related consolidating state income tax effects, a gain of approximately $254 million ($106 million after tax) was recorded in NEE's condensed consolidated statements of income for the three and six months ended June 30, 2016 and is included in gains on disposal of a business/assets - net.

10. Commitments and Contingencies

Commitments - NEE and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities and the procurement of nuclear fuel. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects and the procurement of nuclear fuel, as well as the investment in the development and construction of its natural gas pipeline assets. Capital expenditures for Corporate and Other primarily include the cost to maintain existing transmission facilities at NEET.

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At June 30, 2017, estimated capital expenditures for the remainder of 2017 through 2021 for which applicable internal approvals (and also, if required, FPSC approvals for FPL or regulatory approvals for acquisitions) have been received were as follows:

	Remainder of 2017	2018	2019	2020	2021	Total
	(millions)					
FPL:						
Generation:[a]						
New[b]	$670	$675	$540	$1,105	$885	$3,875
Existing	555	795	670	620	475	3,115
Transmission and distribution	1,100	2,710	2,440	2,465	2,680	11,395
Nuclear fuel	30	190	170	210	120	720
General and other	300	280	250	220	250	1,300
Total	$2,655	$4,650	$4,070	$4,620	$4,410	$20,405
NEER:						
Wind[c]	$845	$1,165	$1,390	$40	$25	$3,465
Solar[d]	175	65	5	—	—	245
Nuclear, including nuclear fuel	135	250	225	215	245	1,070
Natural gas pipelines[e]	235	855	40	30	10	1,170
Other	240	115	40	35	30	460
Total	$1,630	$2,450	$1,700	$320	$310	$6,410
Corporate and Other	$40	$60	$85	$50	$40	$275

(a) Includes AFUDC of approximately $55 million, $88 million, $45 million, $41 million and $35 million for the remainder of 2017 through 2021, respectively.

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

(c) Consists of capital expenditures for new wind projects, repowering of existing wind projects and related transmission totaling approximately 3,400 MW.

(d) Includes capital expenditures for new solar projects and related transmission totaling approximately 145 MW.

(e) Includes equity contributions associated with an equity investment in a joint venture that is constructing a natural gas pipeline. The natural gas pipeline is pending FERC approval.

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

Contracts - In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has commitments under long-term purchased power and fuel contracts. As of June 30, 2017, FPL is obligated under a take-or-pay purchased power contract to pay for 375 MW annually through 2021. In May 2017, FPL entered into an agreement with JEA to shut down the St. Johns River Power Park coal units (SJRPP) (targeted for early January 2018), which will have the effect of terminating this take-or-pay purchased power contract, retiring SJRPP and eliminating FPL's 20% ownership interest share, as of that date. The agreement provides for, among other things, an approximately $90 million payment by FPL to JEA, the 80% owner of SJRPP. The agreement is subject to FPSC approval, which FPL has requested by no later than December 1, 2017. FPL also has

various firm pay-for-performance contracts to purchase approximately 114 MW from certain cogenerators and small power producers with expiration dates ranging from 2026 through 2034. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the facilities meeting certain contract conditions. FPL has contracts with expiration dates through 2042 for the purchase and transportation of natural gas and coal, and storage of natural gas. See Commitments above.

As of June 30, 2017, NEER has entered into contracts with expiration dates ranging from late July 2017 through 2032 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 the natural gas pipelines. Approximately $2.7 billion of related commitments are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the purchase, transportation and storage of natural gas with expiration dates ranging from October 2017 through 2027.

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The required capacity and/or minimum payments under contracts, including those discussed above, as of June 30, 2017 were estimated as follows:

	Remainder of 2017	2018	2019	2020	2021	Thereafter
	(millions)					
FPL:						
Capacity charges[a]	$40	$65	$50	$20	$20	$ 250
Minimum charges, at projected prices:[b]						
Natural gas, including transportation and storage[c]	$765	$970	$860	$910	$905	$ 12,135
Coal, including transportation	$70	$5	$5	$—	$—	$ —
NEER	$1,020	$1,195	$150	$105	$75	$ 315
Corporate and Other[d][e]	$65	$20	$—	$5	$—	$ —

(a) Capacity charges, substantially all of which are recoverable through the capacity clause, totaled approximately $20 million and $46 million for the three months ended June 30, 2017 and 2016, respectively, and approximately $40 million and $93 million for the six months ended June 30, 2017 and 2016, respectively. Energy charges, which are recoverable through the fuel clause, totaled approximately $27 million and $31 million for the three months ended June 30, 2017 and 2016, respectively, and approximately $43 million and $47 million for the six months ended June 30, 2017 and 2016, respectively.

(b) Recoverable through the fuel clause.

(c) Includes approximately $150 million, $295 million, $290 million, $360 million, $390 million and $7,565 million for the remainder of 2017 through 2021 and thereafter, respectively, of firm commitments related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection.

(d) Includes an approximately $25 million commitment to invest in clean power and technology businesses through 2020.

(e) Excludes approximately $370 million for the remainder 2017 of joint obligations of NEECH and NEER which are included in the NEER amounts above.

In January 2017, FPL assumed ownership of a 330 MW coal-fired generation facility located in Indiantown, Florida (Indiantown generation facility) for a purchase price of $451 million (including existing debt of approximately $218 million). FPL recorded a regulatory asset for approximately $451 million, which is being amortized over nine years and recovered through the capacity clause with a return on the portion of the unamortized balance of the regulatory asset. Prior to assuming ownership of this facility, FPL had a long-term purchased power agreement with this facility for substantially all of its capacity and energy. FPL expects to reduce the plant's operations with the intention of eventually phasing the plant out of service. FPL will recover the fuel costs of the facility through the fuel clause and operating costs through the capacity clause until FPL's next base rate filing where non-fuel cost recovery will be through base rates.

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 $13.0 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 $1.0 billion ($509 million for FPL),

plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed $152 million ($76 million for FPL) per incident per year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $15 million, $38 million and $19 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of $1.5 billion for non-nuclear perils, except for Duane Arnold which has a sublimit of $1.0 billion. 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 $178 million ($108 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $5 million and $4 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NEE does not have property insurance coverage for a substantial portion of either its transmission and distribution property or natural gas pipeline assets. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law. In February 2017, the FPSC approved FPL's request to recover through an interim surcharge the eligible storm restoration costs from 2016 that exceeded the reserve amount.

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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, would be borne by NEE and FPL and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

11. Segment Information

NEE's reportable segments are FPL, a rate-regulated electric utility, and NEER, a competitive energy business. Corporate and Other represents other business activities and includes eliminating entries. NEE's segment information is as follows:

	Three Months Ended June 30,							
	2017				2016			
	FPL	NEER[a]	Corporate and Other	NEE Consolidated	FPL	NEER[a]	Corporate and Other	NEE Consolidated
	(millions)							
Operating revenues	$3,091	$ 1,295	$ 18	$4,404	$2,750	$ 970	$ 97	$ 3,817
Operating expenses - net	$2,150	$ 957	$ 12	$3,119	$1,922	$ 654	$ 72	$ 2,648
Net income (loss) attributable to NEE	$526	$ 301 [b]	$ (34)	$793	$448	$ 234 [b]	$ (142)	$ 540

	Six Months Ended June 30,							
	2017				2016			
	FPL	NEER[a]	Corporate and Other	NEE Consolidated	FPL	NEER[a]	Corporate and Other	NEE Consolidated
	(millions)							
Operating revenues	$5,618	$ 2,719	$40	$8,377	$5,054	$ 2,411	$ 186	$ 7,651
Operating expenses (income) - net	$3,866	$ 1,888	$(1,067)	$4,687	$3,512	$ 1,600	$ 136	$ 5,248
Net income (loss) attributable to NEE	$971	$ 777 [b]	$628	$2,376	$841	$ 458 [b]	$ (106)	$ 1,193

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

(b) Residual NEECH corporate interest expense is included in Corporate and Other. See Note 4 for a discussion of NEER's tax benefits related to PTCs.

	June 30, 2017				December 31, 2016			
	FPL	NEER	Corporate and Other	NEE Consolidated	FPL	NEER	Corporate and Other	NEE Consolidated
	(millions)							
Total assets	$47,800	$43,944	$ 1,146	$92,890	$45,501	$41,743	$ 2,749	$89,993

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

12. Summarized Financial Information of NEECH

NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL. NEECH's debentures and junior subordinated debentures including those that were registered pursuant to the Securities Act of 1933, as amended, are fully and unconditionally guaranteed by NEE. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended June 30,							
	2017				2016			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
	(millions)							
Operating revenues	$—	$1,327	$3,077	$4,404	$—	$1,070	$2,747	$3,817
Operating expenses - net	(4)	(974)	(2,141)	(3,119)	(5)	(720)	(1,923)	(2,648)
Interest expense	(1)	(309)	(120)	(430)	—	(485)	(117)	(602)
Equity in earnings of subsidiaries	787	—	(787)	—	586	—	(586)	—
Other income - net	—	219	19	238	—	180	16	196
Income before income taxes	782	263	48	1,093	581	45	137	763
Income tax expense (benefit)	(11)	(12)	312	289	41	(100)	278	219
Net income (loss)	793	275	(264)	804	540	145	(141)	544
Less net income attributable to noncontrolling interests	—	11	—	11	—	4	—	4
Net income (loss) attributable to NEE	$793	$264	$(264)	$793	$540	$141	$(141)	$540

	Six Months Ended June 30,							
	2017				2016			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
	(millions)							
Operating revenues	$—	$2,789	$5,588	$8,377	$—	$2,605	$5,046	$7,651
Operating expenses - net	(10)	(823)	(3,854)	(4,687)	(10)	(1,725)	(3,513)	(5,248)
Interest expense	(1)	(549)	(240)	(790)	(1)	(882)	(228)	(1,111)
Equity in earnings of subsidiaries	2,349	—	(2,349)	—	1,224	—	(1,224)	—
Other income - net	1	446	12	459	1	327	39	367
Income (loss) before income taxes	2,339	1,863	(843)	3,359	1,214	325	120	1,659
Income tax expense (benefit)	(37)	438	563	964	21	(70)	510	461
Net income (loss)	2,376	1,425	(1,406)	2,395	1,193	395	(390)	1,198
Less net income attributable to noncontrolling interests	—	19	—	19	—	5	—	5
Net income (loss) attributable to NEE	$2,376	$1,406	$(1,406)	$2,376	$1,193	$390	$(390)	$1,193

(a) Represents primarily FPL and consolidating adjustments.

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

Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended June 30,							
	2017				2016			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
	(millions)							
Comprehensive income (loss) attributable to NEE	$836	$ 297	$(297)	$836	$571	$ 172	$(172)	$ 571

	Six Months Ended June 30,							
	2017				2016			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
	(millions)							
Comprehensive income (loss) attributable to NEE	$2,449	$ 1,472	$(1,472)	$2,449	$1,278	$ 482	$(482)	$ 1,278

(a) Represents primarily FPL and consolidating adjustments.

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

Condensed Consolidating Balance Sheets

	June 30, 2017				December 31, 2016			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric plant in service and other property	$28	$40,257	$50,419	$90,704	$28	$38,671	$48,314	$87,013
Accumulated depreciation and amortization	(19)	(8,342)	(12,687)	(21,048)	(18)	(7,778)	(12,305)	(20,101)
Total property, plant and equipment - net	9	31,915	37,732	69,656	10	30,893	36,009	66,912
CURRENT ASSETS								
Cash and cash equivalents	1	607	34	642	1	1,258	33	1,292
Receivables	281	1,476	723	2,480	88	1,615	736	2,439
Other	3	1,323	1,499	2,825	2	1,877	1,799	3,678
Total current assets	285	3,406	2,256	5,947	91	4,750	2,568	7,409
OTHER ASSETS								
Investment in subsidiaries	25,747	—	(25,747)	—	24,323	—	(24,323)	—
Other	834	9,869	6,584	17,287	867	8,992	5,813	15,672
Total other assets	26,581	9,869	(19,163)	17,287	25,190	8,992	(18,510)	15,672
TOTAL ASSETS	$26,875	$45,190	$20,825	$92,890	$25,291	$44,635	$20,067	$89,993
CAPITALIZATION								
Common shareholders' equity	$25,926	$8,505	$(8,505)	$25,926	$24,341	$7,699	$(7,699)	$24,341
Noncontrolling interests	—	950	—	950	—	990	—	990
Long-term debt	—	20,304	10,088	30,392	—	18,112	9,706	27,818
Total capitalization	25,926	29,759	1,583	57,268	24,341	26,801	2,007	53,149
CURRENT LIABILITIES								
Debt due within one year	—	2,420	1,712	4,132	—	2,237	785	3,022
Accounts payable	1	1,100	713	1,814	1	2,668	778	3,447
Other	306	1,214	1,484	3,004	231	2,624	1,595	4,450
Total current liabilities	307	4,734	3,909	8,950	232	7,529	3,158	10,919
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	—	868	1,977	2,845	—	816	1,920	2,736
Deferred income taxes	16	3,538	8,548	12,102	82	3,002	8,017	11,101
Other	626	6,291	4,808	11,725	636	6,487	4,965	12,088
Total other liabilities and deferred credits	642	10,697	15,333	26,672	718	10,305	14,902	25,925
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$26,875	$45,190	$20,825	$92,890	$25,291	$44,635	$20,067	$89,993

(a) Represents primarily FPL and consolidating adjustments.

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

Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 30,							
	2017				2016			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
	(millions)							
NET CASH PROVIDED BY OPERATING ACTIVITIES	$992	$1,200	$973	$3,165	$809	$1,084	$1,377	$3,270
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures, independent power and other investments and nuclear fuel purchases	—	(4,195)	(2,742)	(6,937)	—	(3,866)	(2,200)	(6,066)
Proceeds from sale of the fiber-optic telecommunications business	—	1,482	—	1,482	—	—	—	—
Capital contributions from NEE	(45)	—	45	—	(13)	—	13	—
Sale of independent power and other investments of NEER	—	42	—	42	—	396	—	396
Proceeds from sale or maturity of securities in special use funds and other investments	—	518	901	1,419	—	530	1,079	1,609
Purchases of securities in special use funds and other investments	—	(582)	(949)	(1,531)	—	(534)	(1,120)	(1,654)
Proceeds from sales of noncontrolling interests in NEP	—	—	—	—	—	303	—	303
Other - net	4	(14)	26	16	—	(50)	25	(25)
Net cash used in investing activities	(41)	(2,749)	(2,719)	(5,509)	(13)	(3,221)	(2,203)	(5,437)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	—	2,572	199	2,771	—	2,509	—	2,509
Retirements of long-term debt	—	(1,850)	(35)	(1,885)	—	(963)	(33)	(996)
Net change in commercial paper	—	1,115	732	1,847	—	701	307	1,008
Proceeds from other short-term debt	—	—	200	200	—	—	500	500
Issuances of common stock - net	25	—	—	25	43	—	—	43
Dividends on common stock	(920)	—	—	(920)	(803)	—	—	(803)
Contributions from (dividends to) NEE	—	(637)	637	—	—	(33)	33	—
Other - net	(56)	(302)	14	(344)	(36)	91	10	65
Net cash provided by (used in) financing activities	(951)	898	1,747	1,694	(796)	2,305	817	2,326
Net increase (decrease) in cash and cash equivalents	—	(651)	1	(650)	—	168	(9)	159
Cash and cash equivalents at beginning of period	1	1,258	33	1,292	—	546	25	571
Cash and cash equivalents at end of period	$1	$607	$34	$642	$—	$714	$16	$730

(a) Represents primarily FPL and consolidating adjustments.

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

OVERVIEW

NEE's operating performance is driven primarily by the operations of its two principal subsidiaries, FPL, which serves approximately 4.9 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the U.S., and NEER, which together with affiliated entities is the largest generator in the world of renewable energy from the wind and sun based on MWh produced in 2016. 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, and by Corporate and Other, which is primarily comprised of the operating results of NEET and other business activities, as well as other income and expense items, including interest expense, income taxes and eliminating entries. See Note 11 for additional segment information. 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 2016 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) Attributable to NEE		Earnings (Loss) Per Share Attributable to NEE, Assuming Dilution		Net Income (Loss) Attributable to NEE		Earnings (Loss) Per Share Attributable to NEE, Assuming Dilution	
	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
	(millions)				(millions)			
FPL	$526	$448	$1.12	$0.96	$971	$841	$2.06	$1.81
NEER[(a)]	301	234	0.64	0.50	777	458	1.65	0.99
Corporate and Other	(34)	(142)	(0.08)	(0.30)	628	(106)	1.34	(0.23)
NEE	$793	$540	$1.68	$1.16	$2,376	$1,193	$5.05	$2.57

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

Adjusted Earnings

NEE prepares its financial statements under GAAP. However, management uses earnings excluding 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 adjusted earnings provides a more meaningful representation of NEE's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under GAAP.

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

NEE 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 is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to 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 2.

In order to make period to period comparisons more meaningful, adjusted earnings also exclude expenses incurred associated with the proposed merger between NEE, Hawaiian Electric Industries, Inc. (HEI) and two wholly owned direct subsidiaries of NEE, which was terminated effective July 16, 2016, and expenses associated with the Oncor-related transactions discussed in Note 5, the after-tax operating results associated with the solar projects in Spain, the after-tax gains, including any consolidating state income tax effects, on the January 2017 sale of the fiber-optic telecommunications business and the April 2016 sale of NEER's ownership interests in the Texas natural gas generation facilities (see Note 9 - Assets and Liabilities Associated with Assets Held for Sale) and the resolution of contingencies related to a previous asset sale which was recorded in the first quarter of 2016 as gains on disposal of investments and other property - net in NEE's condensed consolidated statements of income.

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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(millions)			
Net gains (losses) associated with non-qualifying hedge activity[a]	$(92)	$(341)	$17	$(416)
Losses from OTTI on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals[b]	$(1)	$1	$(1)	$(4)
Operating results of solar projects in Spain - NEER	$8	$(1)	$—	$(4)
Merger-related expenses - Corporate and Other	$(3)	$(2)	$(26)	$(4)
Gain on sale of the fiber-optic telecommunications business - Corporate and Other	$—	$—	$685	$—
Gain on sale of the Texas natural gas generation facilities[c]	$—	$106	$—	$106
Resolution of contingencies related to a previous asset sale - NEER	$—	$—	$—	$5

(a) For the three months ended June 30, 2017 and 2016, approximately $57 million and $242 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. For the six months ended June 30, 2017 and 2016, approximately $70 million of gains and $323 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(b) For both the three and six months ended June 30, 2016, approximately $1 million of gains are included in Corporate and Other's net income; the balance is included in NEER.

(c) Approximately $164 million of the gain was recorded in NEER's net income; the balance is included in Corporate and Other. See Note 9 - Assets and Liabilities Associated with Assets Held for Sale and Note 4.

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.

RESULTS OF OPERATIONS

Summary

Net income attributable to NEE for the three months ended June 30, 2017 was higher than the prior year period by $253 million, reflecting higher results at FPL, NEER and Corporate and Other. Net income attributable to NEE for the six months ended June 30, 2017 was higher than the prior year period by $1,183 million, reflecting higher results at FPL, NEER and Corporate and Other.

FPL's increase in net income for the three and six months ended June 30, 2017 was primarily driven by continued investments in plant in service and other property while earning an 11.50% regulatory ROE on its retail rate base.

NEER's results increased for the three months ended June 30, 2017 primarily reflecting lower losses from non-qualifying hedge activity compared to the prior year period and contributions from new investments, partly offset by the absence of the 2016 gain on the sale of the Texas natural gas generation facilities and higher interest and other general and administrative expenses. NEER's results increased for the six months ended June 30, 2017 primarily reflecting gains from non-qualifying hedge activity compared to losses from hedges in the prior year period and contributions from new investments, partly offset by the absence of the 2016 gain on the sale of the Texas natural gas generation facilities, higher interest and other general and administrative expenses, and lower results from gas infrastructure.

Corporate and Other's results increased for the three and six months ended June 30, 2017 primarily due to lower net losses from non-qualifying hedge activity, the absence of a 2016 income tax charge related to the sale of the Texas natural gas generation facilities and, for the six months ended June 30, 2017, the gain on sale of the fiber-optic telecommunications business.

NEE's effective income tax rates for the three months ended June 30, 2017 and 2016 were approximately 26% and 29%, respectively, and for the six months ended June 30, 2017 and 2016 were 29% and 28%, respectively. The rates for all periods reflect the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income taxes associated with convertible ITCs for solar and certain wind projects at NEER. PTCs, ITCs and deferred income taxes associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by PTC roll off. PTCs for the three months ended June 30, 2017 and 2016 were approximately $30 million and $31 million, respectively, and for the comparable six-month periods were $58 million and $73 million. ITCs and deferred income taxes associated with convertible ITCs for the three months ended June 30, 2017 and 2016 were approximately $42 million and $43 million, respectively, and for the comparable six-month periods were $169 million and $79 million. In addition, the rates for the three and six months ended June 30, 2016 reflect a consolidating income tax adjustment of approximately $58 million related to the sale of the Texas natural gas generation facilities and noncash income tax benefits of approximately $30 million ($26 million attributable to NEE) related to the Canadian tax restructuring. See Note 4.

FPL: Results of Operations

The $78 million and $130 million increase in FPL's net income for the three and six months ended June 30, 2017, respectively, was primarily driven by higher earnings from investments in plant in service and other property. Such investments grew FPL's average retail rate base for the three and six months ended June 30, 2017 by approximately $3.1 billion and $3.3 billion, respectively, when compared to the same periods in the prior year, reflecting, among other things, the replacement of certain gas turbines with high-efficiency, low-emission turbines, ongoing transmission and distribution additions, and, for the six months ended June 30, 2017, the modernized Port Everglades Clean Energy Center that was placed in service on April 1, 2016 (Port Everglades power plant).

The use of reserve amortization for the three and six months ended June 30, 2017 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) and, for the prior periods, a January 2013 FPSC final order approving a stipulation and settlement between FPL and several intervenors in a prior base rate proceeding (2012 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 and 2012 rate agreements, 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 and revenue and costs not recoverable from retail customers by the FPSC. During the three months ended June 30, 2017 and 2016, FPL recorded reserve amortization of approximately $17 million and $16 million, respectively. During the six months ended June 30, 2017 and 2016, FPL recorded reserve amortization of approximately $228 million and $193 million, respectively.

Operating Revenues

During the three and six months ended June 30, 2017, FPL’s operating revenues increased $341 million and $564 million, respectively, primarily related to increases of approximately $108 million and $222 million, respectively, in retail base revenues, increases of $111 million and $79 million, respectively, in fuel cost recovery, increases of $80 million and $103 million, respectively, in storm fund revenues and, for the six months ended June 30, 2017, the absence of a $74 million net deferral of retail fuel revenues in the prior year comparable period. The increases in retail

base revenues reflect additional revenues during the three and six months ended June 30, 2017 of approximately $101 million and $183 million, respectively, related to new retail base rates under the 2016 rate agreement. The increase for the six months ended June 30, 2017 also reflects approximately $45 million of additional revenues related to the Port Everglades power plant. Retail base revenues during the three and six months ended June 30, 2017 were also impacted by a 0.6% decrease and 1.4% decrease, respectively, in the average usage per retail customer and a 1.3% increase for both periods in the average number of customer accounts as well as, for the six months ended June 30, 2017, the absence of a 2016 leap year day. The increases in fuel cost recovery revenues primarily reflect higher average fuel factors during the three and six months ended June 30, 2017. The increases in storm fund revenues relate to FPL's recovery of eligible storm restoration costs following hurricanes impacting FPL's service territory in 2016 and replenishment of the storm reserve for a 12-month period beginning on March 1, 2017. During the six months ended June 30, 2016, FPL’s revenues were reduced by the net deferral of retail fuel revenues of approximately $74 million due to the overrecovery of costs through rates largely related to lower natural gas costs than previously estimated.

Fuel, Purchased Power and Interchange Expense

Fuel, purchased power and interchange expense increased $82 million and $150 million for the three and six months ended June 30, 2017, respectively, primarily related to approximately $121 million and $233 million, respectively, of higher fuel and energy prices, partly offset by a decrease in capacity fees primarily related to the Indiantown generation facility long-term purchased power agreement after FPL assumed ownership of the Indiantown generation facility in January 2017 (see Note 10 - Contracts).

Depreciation and Amortization Expense

Depreciation and amortization expense increased $137 million and $190 million during the three and six months ended June 30, 2017, respectively, primarily reflecting higher depreciation rates as a result of the 2016 rate agreement and higher plant in service balances, partly offset by the impact of reserve amortization. FPL recognized approximately $17 million and $228 million of reserve amortization during the three and six months ended June 30, 2017, respectively, compared to $16 million and $193 million in the comparable prior year periods. Reserve amortization reflects adjustments to accumulated depreciation and the fossil dismantlement reserve provided under the 2016 and 2012 rate agreements in order to achieve the targeted regulatory ROE. At June 30, 2017, approximately $1,022 million of the reserve remains available for future amortization over the term of the 2016 rate agreement. 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.

Capital Initiatives

During the six months ended June 30, 2017, FPL commenced construction on eight 74.5 MW solar sites being developed under the 2016 rate agreement, which provides for base rate increases associated with the addition of up to 300 MW annually in each of 2017 through 2020. In addition, FPL expects to develop an additional 1,000 MW of solar projects planned for 2019 and beyond. FPL is also in the preliminary stages of pursuing the modernization of two generating units at its Lauderdale facility to a highly efficient, clean-burning natural gas unit with approximately 1,200 MW of generating capacity (Dania Beach Clean Energy Center). If this project proceeds and the required regulatory approvals are obtained, the proposed in-service date for the Dania Beach Clean Energy Center would be mid-2022 with an expected cost of approximately $900 million.

NEER: Results of Operations

NEER’s net income less net income attributable to noncontrolling interests increased approximately $67 million and $319 million for the three and six months ended June 30, 2017, respectively. The primary drivers, on an after-tax basis, of the changes are in the following table.

	Increase (Decrease) From Prior Year Period	
	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
	(millions)	
New investments[a]	$84	$ 253
Existing assets[a]	(34)	(44)
Gas infrastructure[a]	(17)	(69)
Customer supply and proprietary power and gas trading[b]	22	5
Interest and other general and administrative expenses[c]	(44)	(87)
Other	27	29
Change in non-qualifying hedge activity[d]	185	393
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals[d]	(1)	4
Operating results of the solar projects in Spain[d]	9	4

Gain on sale of the Texas natural gas generation facilities[(d)]	(164)	(164)
Resolution of contingencies related to a previous asset sale[(d)]	—	(5)
Increase in net income less net income attributable to noncontrolling interests	$67	$ 319

(a) Reflects after-tax project contributions, including PTCs, ITCs and deferred income taxes and other benefits associated with convertible 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.

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

(c) Includes differential membership interest costs.

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

New Investments

Results from new investments for the three months ended June 30, 2017 increased primarily due to:

- higher earnings of approximately $63 million, including the deferred income taxes and other benefits associated with ITCs and convertible ITCs, related to the addition of approximately 1,563 MW of wind generation and 1,336 MW of solar generation during or after the three months ended June 30, 2016, and
- higher earnings of approximately $20 million related to additional investments in natural gas pipeline projects.

Results from new investments for the six months ended June 30, 2017 increased primarily due to:

- higher earnings of approximately $212 million, including the deferred income taxes and other benefits associated with ITCs and convertible ITCs, related to the addition of approximately 1,563 MW of wind generation and 1,336 MW of solar generation during or after the six months ended June 30, 2016, and
- higher earnings of approximately $40 million related to additional investments in natural gas pipeline projects.

Existing Assets

The decrease in results from existing assets for the three and six months ended June 30, 2017 primarily relates to the absence of the 2016 income tax benefits related to the Canadian tax restructuring (see Note 4), the impact of a 2017 refueling outage at Seabrook and, for the six months ended June 30, 2017, lower results related to the sale of natural gas generation facilities in 2016.

Gas Infrastructure

The decrease in gas infrastructure results for the six months ended June 30, 2017 primarily relates to lower gains from exiting the hedged positions on a number of future gas production opportunities; such gains were previously reflected in unrealized mark-to-market non-qualifying hedge activity. The lower results also reflect lower commodity prices and increased depreciation expense reflecting higher depletion rates. NEER continues to monitor its oil and gas producing properties for potential impairments due to low prices for oil and natural gas commodity products.

Interest and Other General and Administrative Expenses

For the three and six months ended June 30, 2017, interest and other general and administrative expenses reflect higher borrowing and other costs to support the growth of the business.

Other Factors

Supplemental to the primary drivers of the changes in NEER's net income less net income 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 June 30, 2017 increased $325 million primarily due to:

- lower losses from non-qualifying commodity hedges ($66 million of losses for the three months ended June 30, 2017 compared to $284 million for the comparable period in 2016),
- higher revenues from new investments of approximately $99 million, and
- higher revenues of $69 million from the customer supply and proprietary power and gas trading business,

partly offset by,

- lower revenues from existing assets of $37 million primarily reflecting the sale of certain natural gas generation facilities in 2016 and a 2017 refueling outage at Seabrook, offset in part by higher revenues from wind assets due to stronger wind resource.

Operating revenues for the six months ended June 30, 2017 increased $308 million primarily due to:

- gains from non-qualifying commodity hedges ($141 million of gains for the six months ended June 30, 2017 compared to $206 million of losses for the comparable period in 2016),

- higher revenues from new investments of approximately $176 million, and
- higher revenues of $74 million from the customer supply and proprietary power and gas trading business,

partly offset by,

- lower revenues from existing assets of $200 million primarily reflecting the sale of certain natural gas generation facilities in 2016 and a 2017 refueling outage at Seabrook, offset in part by higher revenues from wind assets due to stronger wind resource, and
- lower revenues from the gas infrastructure business of $83 million.

Operating Expenses - net

Operating expenses - net for the three months ended June 30, 2017 increased $303 million primarily due to:

- the absence of a $254 million gain on the sale of the Texas natural gas generation facilities in 2016, and
- higher operating expenses associated with new investments of approximately $47 million.

Operating expenses - net for the six months ended June 30, 2017 increased $288 million primarily due to:

- the absence of a $254 million gain on the sale of the Texas natural gas generation facilities in 2016,
- higher operating expenses associated with new investments of approximately $95 million, and
- higher O&M expenses,

partly offset by,

lower fuel expense of approximately $70 million primarily due to the sale of certain natural gas generation facilities in 2016 offset in part by higher fuel purchases for the proprietary power and gas trading business.

Interest Expense

NEER’s interest expense for the three months ended June 30, 2017 decreased approximately $47 million primarily reflecting $36 million of unfavorable changes in the fair value of interest rate derivative instruments compared to $114 million of unfavorable changes in the comparable period in 2016. NEER’s interest expense for the six months ended June 30, 2017 decreased approximately $226 million primarily reflecting $45 million of unfavorable changes in the fair value of interest rate derivative instruments compared to $310 million of unfavorable changes in the comparable period in 2016. The decreases discussed above were partly offset by higher borrowing costs to support growth of the business.

Tax Credits, Benefits and Expenses

PTCs from wind projects and ITCs and deferred income taxes associated with convertible ITCs from solar and certain wind projects are reflected in NEER’s earnings. PTCs are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes. A portion of the PTCs and ITCs have been allocated to investors in connection with sales of differential membership interests. Also see Summary above and Note 4 for a discussion of PTCs, ITCs and deferred income taxes associated with convertible ITCs.

Capital Initiatives

During the six months ended June 30, 2017, NEER placed into service approximately 99 MW of new wind generation, 327 MW of wind repowering generation and 141 MW of new solar generation. NEER expects to add approximately 5,400 MW to 8,400 MW of new wind generation, 3,300 MW to 4,300 MW of wind repowering generation and 1,400 MW to 3,800 MW of new solar generation during 2017 through 2020. In addition, during the three months ended June 30, 2017, the Sabal Trail and Florida Southeast Connection natural gas pipeline projects commenced commercial operations.

NEP

In May 2017, an indirect subsidiary of NEER sold a 249 MW wind generation facility located in El Paso County, Colorado to an indirect subsidiary of NEP.

During the second quarter of 2017, intentions to pursue changes to NEP's current governance structure were announced that, among other things, will enhance NEP unitholder governance rights. The new governance structure will establish a NEP board of directors where NEP unitholders will have the ability to nominate and elect board members, subject to certain limitations and requirements. As a result of these announced governance changes, NEE expects to deconsolidate NEP beginning in January 2018, which is when the term of office of the first NEP unitholder-elected directors is expected to take effect. As a result of the deconsolidation of NEP, NEE will reflect its ownership interest in NEP as an equity method investment and future earnings from NEP as earnings from equity method investments in its consolidated financial statements. The equity method investment will be recorded at fair value which is expected to result in a material gain to NEE at the time of deconsolidation. Additionally, sales of assets to NEP after deconsolidation will be accounted for as third-party sales because NEP will no longer be under common control.

Corporate and Other: Results of Operations

Corporate and Other is primarily comprised of the operating results of NEET and 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, for purposes of allocating NEECH's corporate interest expense, the deferred credit associated with differential membership interests

sold by NEER's subsidiaries is included with debt. Each subsidiary’s income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other.

Corporate and Other's results increased $108 million and $734 million during the three and six months ended June 30, 2017, respectively. The increase for the three months ended June 30, 2017 primarily reflects a decrease in interest expense primarily related to lower net after-tax losses on interest rate and foreign currency derivative instruments and foreign currency transaction losses compared to the prior year period and the absence of a 2016 income tax charge of approximately $58 million related to the sale of the Texas natural gas generation facilities (see Note 4). The increase for the six months ended June 30, 2017 is primarily due to the approximately $685 million after-tax gain on sale of the fiber-optic telecommunications business in January 2017. See Note 9 - Assets and Liabilities Associated with Assets Held for Sale. In addition, Corporate and Other's results reflect a decrease in interest expense for the six months ended June 30, 2017 primarily due to lower losses on interest rate and foreign currency derivative instruments and foreign currency transaction losses, as well as the absence of the $58 million income tax charge.

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, and proceeds from differential membership investors, 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 six months ended June 30, 2017 and 2016 were as follows:

	Six Months Ended June 30,	
	2017	2016
	(millions)	
Sources of cash:		
Cash flows from operating activities	$3,165	$3,270
Long-term borrowings	2,771	2,509
Proceeds from sale of the fiber-optic telecommunications business	1,482	—
Sale of independent power and other investments of NEER	42	396
Issuances of common stock - net	25	43
Net increase in commercial paper and other short-term debt	2,047	1,508
Proceeds from sales of noncontrolling interests in NEP	—	303
Other sources - net	16	65
Total sources of cash	9,548	8,094
Uses of cash:		
Capital expenditures, independent power and other investments and nuclear fuel purchases	(6,937)	(6,066)
Retirements of long-term debt	(1,885)	(996)
Dividends	(920)	(803)
Other uses - net	(456)	(70)
Total uses of cash	(10,198)	(7,935)
Net increase (decrease) in cash and cash equivalents	$(650)	$159

NEE's primary capital requirements are for expanding and enhancing FPL'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. The following table provides a summary of the major capital investments for the six months ended June 30, 2017 and 2016.

	Six Months Ended June 30,	
	2017	2016
	(millions)	
FPL:		
Generation:		
New	$593	$727
Existing	771	292
Transmission and distribution	1,108	970
Nuclear fuel	94	70
General and other	164	128
Other, primarily change in accrued property additions and the exclusion of AFUDC - equity	12	12
Total	2,742	2,199
NEER:		
Wind	2,544	1,791
Solar	516	1,209
Nuclear, including nuclear fuel	129	113
Natural gas pipelines	592	412
Other	380	239
Total	4,161	3,764
Corporate and Other	34	103
Total capital expenditures, independent power and other investments and nuclear fuel purchases	$6,937	$6,066

Liquidity

At June 30, 2017, NEE's total net available liquidity was approximately $7.9 billion. The table below provides the components of FPL's and NEECH's net available liquidity at June 30, 2017:

				Maturity Date	
	FPL	NEECH	Total	FPL	NEECH
	(millions)				
Bank revolving line of credit facilities[(a)]	$2,916	$ 4,964	$7,880	2018 - 2022	2018 - 2022
Issued letters of credit	(3)	(318)	(321)		
	2,913	4,646	7,559		
Revolving credit facilities	1,155	1,485	2,640	2017 - 2019	2018 - 2022
Borrowings	(1,000)	—	(1,000)		
	155	1,485	1,640		
Letter of credit facilities[(b)]	—	550	550		2017 - 2020
Issued letters of credit	—	(405)	(405)		
	—	145	145		

Subtotal	3,068	6,276	9,344
Cash and cash equivalents	33	607	640
Commercial paper and other short-term borrowings outstanding	(1,000)	(1,120)	(2,120)
Net available liquidity	$2,101	$5,763	$7,864

(a) Provide for the funding of loans up to $7,880 million ($2,916 million for FPL) and the issuance of letters of credit up to $3,450 million ($670 million for FPL). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's bank revolving line of credit facilities are also available to support the purchase of $778 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. Approximately $2,315 million of FPL's and $3,730 million of NEECH's bank revolving line of credit facilities expire in 2022.

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

Additionally, at June 30, 2017, certain subsidiaries of NEP had credit or loan facilities with available liquidity as set forth in the table below.

	Amount	Amount Remaining Available at June 30, 2017	Rate	Maturity Date	Related Project Use
	(millions)				
Senior secured revolving credit facility[(a)]	$250	$140	Variable	2019	Working capital, expansion projects, acquisitions and general business purposes
Senior secured limited-recourse revolving loan facility[(b)]	$150	$—	Variable	2020	General business purposes

(a) NEP OpCo and one of its direct subsidiaries are required to comply with certain financial covenants on a quarterly basis and NEP OpCo's ability to pay cash distributions to its unitholders is subject to certain other restrictions. The revolving credit facility includes borrowing capacity for letters of credit and incremental commitments to increase the revolving credit facility up to $1 billion in the aggregate. Borrowings under the revolving credit facility are guaranteed by NEP OpCo and NEP.

(b) A certain NEP subsidiary (borrower) is required to satisfy certain conditions, including among other things, meeting a leverage ratio at the time of any borrowing that does not exceed a specified ratio. Borrowings under this revolving loan facility are secured by liens on certain of the borrower's assets and certain of the borrower's subsidiaries' assets, as well as the ownership interest in the borrower. The revolving loan facility contains default and related acceleration provisions relating to, among other things, failure of the borrower to maintain a leverage ratio at or below the specified ratio and a minimum interest coverage ratio.

In June 2017, NEP entered into a Series A Preferred Unit Purchase Agreement to issue and sell, on or before December 31, 2017, $550 million of Series A convertible preferred units representing limited partner interests in NEP. See Note 7 - NEP Series A Preferred Unit Purchase Agreement for more information.

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 June 30, 2017, 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 natural gas pipeline development projects. Commitments associated with these activities are included in the contracts table in Note 10.

In addition, as of June 30, 2017, NEE subsidiaries had approximately $2.6 billion in guarantees related to obligations under purchased power agreements, nuclear-related activities, payment obligations related to PTCs and the non-receipt of proceeds from cash grants under the Recovery Act, 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. As of June 30, 2017, these guarantees totaled approximately $717 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. As of June 30, 2017, 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 June 30, 2017) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled approximately $692 million.

As of June 30, 2017, subsidiaries of NEE also had approximately $1.1 billion of standby letters of credit and approximately $395 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. NEE has guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

New Accounting Rules and Interpretations

Revenue Recognition - In May 2014, the FASB issued an accounting standards update related to the recognition of revenue from contracts with customers and required disclosures. See Note 9 - Revenue Recognition.

Accounting for Partial Sales of Nonfinancial Assets - In February 2017, the FASB issued an accounting standards update regarding the accounting for partial sales of nonfinancial assets. See Note 9 - Accounting for Partial Sales of Nonfinancial Assets.

Amendments to Presentation of Retirement Benefits - In March 2017, the FASB issued an accounting standards update that requires certain changes in classification of components of net periodic pension and postretirement benefit costs within the income statement and allows only the service cost component to be eligible for capitalization. See Note 1 - Amendments to Presentation of Retirement Benefits.

ENERGY MARKETING AND TRADING AND MARKET RISK SENSITIVITY

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

Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements. See Note 2.

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2017 were as follows:

	Trading	Hedges on Owned Assets		NEE Total
		Non-Qualifying	FPL Cost Recovery Clauses	
	(millions)			
Three months ended June 30, 2017				
Fair value of contracts outstanding at March 31, 2017	$485	$1,114	$ 77	$1,676
Reclassification to realized at settlement of contracts	(77)	(78)	(15)	(170)
Inception value of new contracts	3	—	—	3
Net option premium purchases (issuances)	(68)	—	—	(68)

Changes in fair value excluding reclassification to realized	93	38	(46)	85
Fair value of contracts outstanding at June 30, 2017	436	1,074	16	1,526
Net margin cash collateral paid (received)				(141)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2017	$436	$1,074	$ 16	$1,385

	Trading	Hedges on Owned Assets		NEE Total
		Non-Qualifying	FPL Cost Recovery Clauses	
	(millions)			
Six months ended June 30, 2017				
Fair value of contracts outstanding at December 31, 2016	$430	$984	$ 208	$1,622
Reclassification to realized at settlement of contracts	(121)	(147)	(41)	(309)
Inception value of new contracts	4	—	—	4
Net option premium purchases (issuances)	(67)	4	—	(63)
Changes in fair value excluding reclassification to realized	190	233	(151)	272
Fair value of contracts outstanding at June 30, 2017	436	1,074	16	1,526
Net margin cash collateral paid (received)				(141)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2017	$436	$1,074	$ 16	$1,385

NEE's total mark-to-market energy contract net assets (liabilities) at June 30, 2017 shown above are included on the condensed consolidated balance sheets as follows:

	June 30, 2017
	(millions)
Current derivative assets	$ 467
Noncurrent derivative assets	1,347
Current derivative liabilities	(181)
Noncurrent derivative liabilities	(248)
NEE's total mark-to-market energy contract net assets	$ 1,385

The sources of fair value estimates and maturity of energy contract derivative instruments at June 30, 2017 were as follows:

	Maturity						
	2017	2018	2019	2020	2021	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	$34	$27	$9	$(8)	$(3)	$ (1)	$58
Significant other observable inputs	(34)	12	5	(1)	(9)	(17)	(44)
Significant unobservable inputs	142	64	34	34	20	128	422
Total	142	103	48	25	8	110	436
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	2	17	5	2	(2)	—	24
Significant other observable inputs	88	134	129	106	91	81	629
Significant unobservable inputs	5	29	30	35	36	286	421
Total	95	180	164	143	125	367	1,074
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	18	—	—	—	—	—	18
Significant unobservable inputs	(1)	(1)	—	—	—	—	(2)
Total	17	(1)	—	—	—	—	16
Total sources of fair value	$254	$282	$212	$168	$133	$ 477	$1,526

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The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2016 were as follows:

	Trading	Hedges on Owned Assets		NEE Total
		Non-Qualifying	FPL Cost Recovery Clauses	
	(millions)			
Three months ended June 30, 2016				
Fair value of contracts outstanding at March 31, 2016	$447	$1,294	$ (250)	$1,491
Reclassification to realized at settlement of contracts	(58)	(141)	111	(88)
Inception value of new contracts	10	(1)	—	9
Net option premium purchases (issuances)	(6)	—	—	(6)
Changes in fair value excluding reclassification to realized	52	(142)	178	88
Fair value of contracts outstanding at June 30, 2016	445	1,010	39	1,494
Net margin cash collateral paid (received)				(314)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2016	$445	$1,010	$ 39	$1,180

	Trading	Hedges on Owned Assets		NEE Total
		Non-Qualifying	FPL Cost Recovery Clauses	
	(millions)			
Six months ended June 30, 2016				
Fair value of contracts outstanding at December 31, 2015	$359	$1,185	$ (218)	$1,326
Reclassification to realized at settlement of contracts	(73)	(280)	187	(166)
Inception value of new contracts	19	17	—	36
Net option premium purchases (issuances)	(13)	3	—	(10)
Changes in fair value excluding reclassification to realized	153	85	70	308
Fair value of contracts outstanding at June 30, 2016	445	1,010	39	1,494
Net margin cash collateral paid (received)				(314)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2016	$445	$1,010	$ 39	$1,180

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

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

Trading			Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses[a]			Total		
FPL	NEER	NEE	FPL	NEER	NEE	FPL	NEER	NEE

	(millions)							
December 31, 2016	$—	$ 4	$ 4	$ 46	$ 62	$ 23	$ 46	$ 57	$ 23
June 30, 2017	$—	$ 3	$ 3	$ 13	$ 20	$ 16	$ 13	$ 19	$ 14
Average for the six months ended June 30, 2017	$—	$ 3	$ 3	$ 33	$ 32	$ 17	$ 33	$ 30	$ 17

(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:

	June 30, 2017			December 31, 2016		
	Carrying Amount	Estimated Fair Value		Carrying Amount	Estimated Fair Value	
	(millions)					
NEE:						
Fixed income securities:						
Special use funds	$1,895	$1,895	(a)	$1,809	$1,809	(a)
Other investments:						
Debt securities	$127	$127	(a)	$123	$123	(a)
Primarily notes receivable[(b)]	$508	$663	(c)	$526	$668	(c)
Long-term debt, including current maturities[(b)]	$32,149	$34,289	(d)	$30,418	$31,623	(d)
Interest rate contracts - net unrealized gains (losses)	$(152)	$(152)	(e)	$4	$4	(e)
FPL:						
Fixed income securities - special use funds	$1,420	$1,420	(a)	$1,363	$1,363	(a)
Long-term debt, including current maturities	$10,549	$11,984	(d)	$10,072	$11,211	(d)

(a) Primarily estimated using a market approach based on quoted market prices for these or similar issues.
(b) See Note 3 - Fair Value of Financial Instruments Recorded at Other than Fair Value.
(c) Primarily estimated using an income approach utilizing a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower.
(d) Estimated using either a market approach based on quoted market prices for the same or similar issues or an income approach utilizing a discounted cash flow valuation technique, considering the current credit profile of the debtor.
(e) Modeled internally using an income approach utilizing a discounted cash flow valuation technique and applying a credit valuation adjustment.

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

As of June 30, 2017, NEE had interest rate contracts with a notional amount of approximately $14.9 billion related to outstanding and expected future debt issuances and borrowings, of which approximately $12.5 billion manages exposure to the variability of cash flows associated with outstanding and expected future debt issuances at NEECH and NEER. The remaining $2.4 billion of notional amount of interest rate contracts effectively convert fixed-rate debt to variable-rate debt instruments at NEECH. See Note 2.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NEE's net liabilities would increase by approximately $1,613 million ($440 million for FPL) at June 30, 2017.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE’s nuclear decommissioning reserve funds include marketable equity securities primarily carried at their market value of approximately $3,168 million and $2,913 million ($1,902 million and $1,745 million for FPL) at June 30, 2017 and December 31, 2016, respectively. At June 30, 2017, a hypothetical 10% decrease in the prices quoted on stock exchanges, which is a reasonable near-term market change, would result in a $296 million ($176 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related liability accounts based on current regulatory treatment, and for NEE’s non-rate regulated operations, a corresponding adjustment would be made to OCI to the extent the market value of the securities exceeded amortized cost and to OTTI loss to the extent the market value is below amortized cost.

Credit Risk

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

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

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the U.S.
- Overall credit risk is managed through established credit policies and is overseen by the EMC.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of margin cash collateral.
- Master netting agreements are used to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. NEE's policy is to have master netting agreements in place with significant counterparties.

Based on NEE's policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. As of June 30, 2017, approximately 96% of NEE's and 99% of FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2017, each of NEE and FPL had performed an evaluation, under the supervision and with the participation of its management, including NEE's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of each of NEE and FPL concluded that the company's disclosure controls and procedures were effective as of June 30, 2017.

(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 2016 Form 10-K. The factors discussed in Part I, Item 1A. Risk Factors in the 2016 Form 10-K, as well as other information set forth in this report, which could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects should be carefully considered. The risks described in the 2016 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 June 30, 2017 is as follows:

Period	Total Number of Shares Purchased[(a)]	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[(b)]
4/1/17 - 4/30/17	—	—	—	13,274,748
5/1/17 - 5/31/17	1,019	$136.13	—	45,000,000
6/1/17 - 6/30/17	481	$141.39	—	45,000,000
Total	1,500	$137.82	—	

(a) Includes: (1) in May 2017, 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 June 2017, 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 February 2005, NEE's Board of Directors authorized common stock repurchases of up to 20 million shares of common stock over an unspecified period, which authorization was reaffirmed and ratified by the Board of Directors in July 2011. In May 2017, NEE's Board of Directors reaffirmed and ratified the repurchase authorization and increased the number of shares of common stock authorized for repurchase to up to 45 million over an unspecified period.

Item 5. Other Information

On June 26, 2017, NEECH terminated two variable rate bi-lateral term loan agreements it entered into in February 2017 with BNP Paribas and Sumitomo Mitsui Banking Corporation, each of which provided for a $3.75 billion short-term, non-revolving term loan facility, for a total of $7.5 billion.

Item 6. Exhibits

Exhibit Number	Description	NEE	FPL
*4	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated April 28, 2017, creating the 3.55% Debentures, Series due May 1, 2027 (filed as Exhibit 4 to Form 8-K dated April 28, 2017, File No. 1-8841)	x	
10	NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan, as amended and restated as of May 18, 2017	x	
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		x
32(a)	Section 1350 Certification of NextEra Energy, Inc.	x	
32(b)	Section 1350 Certification of Florida Power & Light Company		x
101.INS	XBRL Instance Document	x	x
101.SCH	XBRL Schema Document	x	x
101.PRE	XBRL Presentation Linkbase Document	x	x
101.CAL	XBRL Calculation Linkbase Document	x	x
101.LAB	XBRL Label Linkbase Document	x	x
101.DEF	XBRL Definition Linkbase Document	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: July 26, 2017

NEXTERA ENERGY, INC.
(Registrant)

TERRELL KIRK CREWS, II
Terrell Kirk Crews, II
Vice President, Controller and Chief Accounting Officer
of NextEra Energy, Inc.
(Principal Accounting Officer of NextEra Energy, Inc.)

FLORIDA POWER & LIGHT COMPANY
(Registrant)

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