

NEXTERA ENERGY INC
Form 10-K
February 15, 2019
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2018

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. FLORIDA POWER & LIGHT COMPANY	59-2449419
2-27612	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:	Name of exchange on which registered
NextEra Energy, Inc.: Common Stock, \$0.01 Par Value	New York Stock Exchange
6.123% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

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

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

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

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

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

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

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

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Florida Power & Light Company	Filer ☒ Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Growth Company ☐
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If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates at June 29, 2018 (based on the closing market price on the Composite Tape on June 29, 2018) was \$78,550,110,752.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates at June 29, 2018.

Number of shares of NextEra Energy, Inc. common stock, \$0.01 par value, outstanding at January 31, 2019: 478,167,505

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at January 31, 2019, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2019 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K 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 I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

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DEFINITIONS

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

Term	Meaning
AFUDC - equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
Bcf	billion cubic feet
CAISO	California Independent System Operator
capacity clause	capacity cost recovery clause, as established by the FPSC
CO ₂	carbon dioxide
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
environmental clause	environmental cost recovery clause
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
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.
GHG	greenhouse gas(es)
Gulf Power	Gulf Power Company
ISO	independent system operator
ISO-NE	ISO New England Inc.
ITC	investment tax credit
kW	kilowatt
kWh	kilowatt-hour(s)
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MISO	Midcontinent Independent System Operator
MMBtu	One million British thermal units
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
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
NERC	North American Electric Reliability Corporation
net generating capacity	net ownership interest in plant(s) capacity
net generation	net ownership interest in plant(s) generation

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Note __	Note __ to consolidated financial statements
NRC	U.S. Nuclear Regulatory Commission
NYISO	New York Independent System Operator
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PJM	PJM Interconnection, L.L.C.
PMI	NextEra Energy Marketing, LLC
Point Beach	Point Beach Nuclear Power Plant
PTC	production tax credit
PV	photovoltaic
Recovery Act	The American Recovery and Reinvestment Act of 2009, as amended
regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
RTO	regional transmission organization
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a NEER subsidiary has a 42.5% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
tax reform	Tax Cuts and Jobs Act
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, NEP 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, 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, important factors included in Part I, Item 1A. Risk 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-K, in presentations, on their respective websites, in response to questions or otherwise.

Any forward-looking statement speaks only as of the date on which such statement is made, and NEE and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

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PART I

Item 1. Business

OVERVIEW

NEE is one of the largest electric power and energy infrastructure companies in North America and a leader in the renewable energy industry. NEE has two principal businesses, FPL and NEER. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. FPL's strategic focus is centered on investing in generation, transmission and distribution facilities to continue to deliver on its value proposition of low bills, high reliability, outstanding customer service and clean energy solutions for the benefit of its more than five million customers. NEER is the world's largest generator of renewable energy from the wind and sun. NEER's strategic focus is centered on the development, construction and operation of long-term contracted assets throughout the U.S. and Canada, including renewable generation facilities, natural gas pipelines and battery storage projects. In January 2019, NEE completed the acquisition of Gulf Power, a rate-regulated electric utility engaged in the generation, transmission, distribution and sale of electric energy in northwest Florida. See Gulf Power below.

As described in more detail in the following sections, NEE seeks to create value in its two principal businesses by meeting its customers' needs more economically and more reliably than its competitors. NEE's strategy has resulted in profitable growth over sustained periods at both FPL and NEER. Management seeks to grow each business in a manner consistent with the varying opportunities available to it; however, management believes that the diversification and balance represented by FPL and NEER is a valuable characteristic of the enterprise and recognizes that each business contributes to NEE's financial strength in different ways. FPL and NEER share a common platform with the objective of lowering costs and creating efficiencies for their businesses. NEE and its subsidiaries continue to develop and implement enterprise-wide initiatives focused on improving productivity, process effectiveness and quality.

NEE, which employed approximately 14,300 people at December 31, 2018, was incorporated in 1984 under the laws of Florida. During 2018, NEE conducted its operations principally through its two wholly owned subsidiaries, FPL and NEER, which also constituted NEE's reportable segments for financial reporting purposes. NEECH, another wholly owned subsidiary of NEE, owns and provides funding for NEER's and NEE's operating subsidiaries, other than FPL. NEP was formed in 2014. NEP acquires, manages and owns contracted clean energy projects with stable, long-term cash flows. See NEER section below for further discussion of NEP, including changes to its governance structure, which resulted in the deconsolidation of NEP in January 2018.

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FPL

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. In July 2018, FPL acquired a retail gas business (see Note 8 - Other). FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. At December 31, 2018, FPL had approximately 24,500 MW of net generating capacity, approximately 75,200 circuit miles of transmission and distribution lines and 645 substations. FPL provides service to its electric customers through an integrated transmission and distribution system that links its generation facilities to its customers. At December 31, 2018, FPL served more than ten million people through more than five million customer accounts. FPL's service territory, which covers most of the east and lower west coasts of Florida, and plant locations at December 31, 2018 were as follows (see FPL Sources of Generation below):

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CUSTOMERS AND REVENUE

FPL's primary source of operating revenues is from its retail customer base; it also serves a limited number of wholesale customers within Florida. The percentage of FPL's operating revenues and customer accounts by customer class were as follows:

For both retail and wholesale customers, the prices (or rates) that FPL may charge are approved by regulatory bodies, by the FPSC in the case of retail customers and by the FERC in the case of wholesale customers. In general, under U.S. and Florida law, regulated rates are intended to cover the cost of providing service, including a reasonable rate of return on invested capital. Since the regulatory bodies have authority to determine the relevant cost of providing service and the appropriate rate of return on capital employed, there can be no guarantee that FPL will be able to earn any particular rate of return or recover all of its costs through regulated rates. See FPL Regulation below.

FPL seeks to maintain attractive rates for its customers. Since rates are largely cost-based, maintaining low rates requires a strategy focused on developing and maintaining a low-cost position, including the implementation of ideas generated from cost savings initiatives. A common benchmark used in the electric power industry for comparing rates across companies is the price of 1,000 kWh of consumption per month for a residential customer. FPL's 2018 average bill for 1,000 kWh of monthly residential usage was well below both the average of reporting electric utilities within Florida and the July 2018 national average (the latest date for which this data is available) as indicated below:

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FRANCHISE AGREEMENTS AND COMPETITION

FPL's service to its electric retail customers is provided primarily under franchise agreements negotiated with municipalities or counties. During the term of a franchise agreement, which is typically 30 years, the municipality or county agrees not to form its own utility, and FPL has the right to offer electric service to residents. FPL currently holds 184 franchise agreements with various municipalities and counties in Florida with varying expiration dates through 2048. These franchise agreements cover approximately 88% of FPL's retail customer base in Florida. FPL also provides service to 11 other municipalities and to 22 unincorporated areas within its service area without franchise agreements pursuant to the general obligation to serve as a public utility. FPL relies upon Florida law for access to public rights of way.

Because any customer may elect to provide his/her own electric services, FPL effectively must compete for an individual customer's business. As a practical matter, few customers provide their own service at the present time since FPL's cost of service is lower than the cost of self-generation for the vast majority of customers. Changing technology, economic conditions and other factors could alter the favorable relative cost position that FPL currently enjoys; however, FPL seeks as a matter of strategy to ensure that it delivers superior value, in the form of low customer bills, high reliability and outstanding customer service.

In addition to self-generation by residential, commercial and industrial customers, FPL also faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources. In each of 2018, 2017 and 2016, operating revenues from wholesale and industrial electric customers combined represented approximately five percent of FPL's total operating revenues.

For the building of new steam and solar generating capacity of 75 MW or greater, the FPSC requires investor-owned electric utilities, including FPL, to issue a request for proposal (RFP) except when the FPSC determines that an exception from the RFP process is in the public interest. The RFP process allows independent power producers and others to bid to supply the new generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generating capacity of the type proposed, the investor-owned electric utility would seek to negotiate a purchased power agreement with the selected bidder and request that the FPSC approve the terms of the purchased power agreement and, if appropriate, provide the required authorization for the construction of the bidder's generating capacity.

FPL SOURCES OF GENERATION

At December 31, 2018, FPL's resources for serving load consisted of approximately 24,624 MW, of which 24,510 MW were from FPL-owned facilities and 114 MW were available through purchased power agreements. FPL owned and operated 30 units that used fossil fuels, primarily natural gas, with generating capacity of 19,542 MW and had a joint ownership interest in 1 out-of-state coal unit, which it does not operate, with net generating capacity of 634 MW. In addition, FPL owned, or had undivided interests in, and operated, 4 nuclear units with net generating capacity totaling 3,479 MW (see Nuclear Operations below) and owned and operated 13 solar generation facilities with generating capacity totaling 855 MW (excluding 75 MW of non-incremental solar capability which is provided through a natural gas generation facility). FPL customer usage and operating revenues are typically higher during the summer months, largely due to the prevalent use of air conditioning in FPL's service territory. Occasionally, unusually

cold temperatures during the winter months result in significant increases in electricity usage for short periods of time.

FPL is in the process of constructing a new approximately 1,750 MW natural gas combined-cycle unit as discussed in FPL Regulation - FPL Electric Rate Regulation - Base Rates - Rates Effective January 2017 through December 2020. In addition, FPL is in the process of modernizing two generating units at its Lauderdale facility to a high-efficiency, clean-burning natural gas unit (Dania Beach Clean Energy Center). The Dania Beach Clean Energy Center is expected to provide approximately 1,200 MW of generating capacity and to be in service in 2022.

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Fuel Sources

FPL relies upon a mix of fuel sources for its generation facilities, the ability of some of its generation facilities to operate on both natural gas and oil, and on purchased power to maintain the flexibility to achieve a more economical fuel mix in order to respond to market and industry developments.

*Oil is less than 1% *Oil is less than 1%

Significant Fuel and Transportation Contracts. At December 31, 2018, FPL had the following significant fuel and transportation contracts in place:

FPL has firm transportation contracts with seven different transportation suppliers for natural gas pipeline capacity for an aggregate maximum quantity of 2,769,000 MMBtu/day currently, of which 1,969,000 MMBtu/day have expiration dates ranging from 2019 to 2036. The remaining 800,000 MMBtu/day increases to 1,200,000 MMBtu/day starting in mid-2020 through 2042. See Note 15 - Contracts.

FPL has several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2019 through 2033.

Additionally, FPL enters into short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's natural gas requirements is purchased in the spot market.

Nuclear Operations

At December 31, 2018, FPL owned, or had undivided interests in, and operated the four nuclear units in Florida discussed below. FPL's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for variable lengths of time.

Facility	FPL's Ownership (MW)	Beginning of Next Scheduled Refueling Outage	Operating License Expiration Date
St. Lucie Unit No. 1	981	September 2019	2036
St. Lucie Unit No. 2	840 ^(a)	February 2020	2043
Turkey Point Unit No. 3	837	March 2020	2032 ^(b)
Turkey Point Unit No. 4	821	March 2019	2033 ^(b)

(a) Excludes 147 MW operated by FPL but owned by non-affiliates.

(b) In January 2018, FPL filed an application with the NRC to renew the operating licenses for Turkey Point Units Nos. 3 and 4 for an additional 20 years, which license renewals are pending.

NRC regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. FPL's current plans, under the existing operating licenses, provide for prompt dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2032 and 2033, respectively. Current plans provide for St. Lucie Unit No. 1 to be shut down in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 commencing in 2043.

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FPL's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel that is generated at these facilities through license expiration.

FPL ENERGY MARKETING AND TRADING

FPL's Energy Marketing & Trading division (EMT) buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess natural gas, oil and electricity. EMT also uses derivative instruments (primarily swaps, options and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity and Note 4.

FPL REGULATION

FPL's operations are subject to regulation by a number of federal, state and other organizations, including, but not limited to, the following:

- the FPSC, which has jurisdiction over retail rates, service territory, issuances of securities, planning, siting and construction of facilities, among other things;
- the FERC, which oversees the acquisition and disposition of generation, transmission and other facilities, transmission of electricity and natural gas in interstate commerce, proposals to build and operate interstate natural gas pipelines and storage facilities, and wholesale purchases and sales of electric energy, among other things;
- the NERC, which, through its regional entities, establishes and enforces mandatory reliability standards, subject to approval by the FERC, to ensure the reliability of the U.S. electric transmission and generation system and to prevent major system blackouts;
- the NRC, which has jurisdiction over the operation of nuclear power plants through the issuance of operating licenses, rules, regulations and orders; and
- the EPA, which has the responsibility to maintain and enforce national standards under a variety of environmental laws, in some cases delegating authority to state agencies. The EPA also works with industries and all levels of government, including federal and state governments, in a wide variety of voluntary pollution prevention programs and energy conservation efforts.

FPL Electric Rate Regulation

The FPSC sets rates at a level that is intended to allow FPL the opportunity to collect from retail customers total revenues (revenue requirements) equal to FPL's cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms, including, among other things, base rates and cost recovery clauses.

Base Rates. In general, the basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on FPL's investment in assets used and useful in providing electric service (rate base). At the time base rates are established, the

allowed rate of return on rate base approximates the FPSC's determination of FPL's estimated weighted-average cost of capital, which includes its costs for outstanding debt and an allowed return on common equity. The FPSC monitors FPL's actual regulatory ROE through a surveillance report that is filed monthly by FPL with the FPSC. The FPSC does not provide assurance that any regulatory ROE will be achieved. Base rates are determined in rate proceedings or through negotiated settlements of those proceedings. Proceedings can occur at the initiative of FPL or upon action by the FPSC. Base rates remain in effect until new base rates are approved by the FPSC.

Rates Effective January 2017 through December 2020 - In December 2016, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). Key elements of the 2016 rate agreement, which is effective from January 2017 through at least December 2020, include, among other things, the following:

• New retail base rates and charges were established resulting in the following increases in annualized retail base revenues:

\$400 million beginning January 1, 2017;

\$211 million beginning January 1, 2018; and

\$200 million when a new approximately 1,750 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida (Okeechobee Clean Energy Center) achieves commercial operation, which is expected to occur in mid-2019.

- In addition, FPL is eligible to receive, subject to conditions specified in the 2016 rate agreement, base rate increases associated with the addition of up to 300 MW annually of new solar generation in each of 2017 through 2020 and may carry forward any unused MW to subsequent years during the term of the 2016 rate agreement. To date, approximately 900 MW of new solar generating capacity has become operational, 600 MW during the first quarter of 2018 and 300 MW during the first quarter of 2019. An additional 300 MW is expected to be operational in 2020. FPL will be required to demonstrate that any proposed solar facilities are cost effective and scheduled to be in service before December 31, 2021. FPL has agreed to an installed

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cost cap of \$1,750 per kW.

FPL's allowed regulatory ROE is 10.55%, with a range of 9.60% to 11.60%. If FPL's earned regulatory ROE falls below 9.60%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.60%, any party other than FPL may seek a review of FPL's retail base rates.

Subject to certain conditions, FPL may amortize, over the term of the 2016 rate agreement, up to \$1.0 billion of depreciation reserve surplus plus the reserve amount that remained under FPL's 2012 rate agreement discussed below (approximately \$250 million), provided that in any year of the 2016 rate agreement FPL must amortize at least enough reserve to maintain a 9.60% earned regulatory ROE but may not amortize any reserve that would result in an earned regulatory ROE in excess of 11.60%.

Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that could produce a surcharge of no more than \$4 for every 1,000 kWh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed \$800 million in any given calendar year, FPL may request an increase to the \$4 surcharge to recover amounts above \$400 million. See Note 1 - Storm Fund and Storm Reserve.

FPL was impacted by Hurricane Irma in September 2017 which resulted in damage throughout much of FPL's service territory. Damage to FPL property from the hurricane was primarily limited to the transmission and distribution systems. In December 2017, following the enactment of tax reform as further discussed in Note 6, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs of approximately \$1.3 billion through a storm surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off in December 2017 as storm restoration costs in NEE's and FPL's consolidated statements of income. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. In February 2018, the FPSC opened separate dockets for FPL and several other utilities in Florida to address the impacts of tax reform.

In December 2018, the State of Florida Office of Public Counsel (OPC), the Florida Retail Federation (FRF) and the Florida Industrial Power Users Group (collectively, joint petitioners) filed with the FPSC a petition regarding FPL's retail rates that were established pursuant to the 2016 rate agreement. The joint petitioners assert that FPL may not continue to use the reserve amortization mechanism and, based on that assertion, they request, among other things, that FPL refund up to \$736.8 million annually related to cost savings created by tax reform and that new permanent base rates be established for FPL to reflect the tax cost savings associated with tax reform and other factors, including a lower regulatory ROE of 9.6% and a lower equity ratio of 55.0%. FPL believes that the actions it took as a result of tax reform are in accordance with the 2016 rate agreement and that the petition is a violation of the 2016 rate agreement on the part of the OPC and FRF who were signatories to that agreement.

Oral argument in the tax reform docket is expected to be held in April 2019. An FPSC decision regarding the amount of tax savings and whether FPL may continue to use the reserve amortization mechanism is expected by mid-May 2019.

Rates Effective January 2013 through December 2016 - Effective January 2013, pursuant to an FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement), new retail base rates and charges for FPL were established resulting in an increase in retail base revenues of \$350 million on an annualized basis. The 2012 rate agreement provided for, among other things, the following:

- a regulatory ROE of 10.50% with a range of plus or minus 100 basis points;

an increase in annualized base revenue requirements as each of three FPL modernized power plants became operational in April 2013, April 2014 and April 2016;

the continuation of cost recovery through the capacity clause (reported as retail base revenues) for a generating unit which was placed in service in May 2011 (beginning January 2017, under the 2016 rate agreement, cost recovery is through base rates);

subject to certain conditions, the right to reduce depreciation expense up to \$400 million (reserve), provided that in any year of the 2012 rate agreement, FPL was required to amortize enough reserve to maintain an earned regulatory ROE within the range of 9.50% to 11.50% (the reserve amount was reduced by \$30 million to up to \$370 million as a result of a settlement in August 2015 related to the acquisition of a 250 MW coal-fired generation facility located in Jacksonville, Florida, which FPL retired in December 2016);

an interim cost recovery mechanism for storm restoration costs (see Note 1 - Storm Fund and Storm Reserve); and

an incentive mechanism whereby customers receive 100% of certain gains, including but not limited to, gains from the purchase and sale of electricity and natural gas (including transportation and storage), up to a specified threshold; gains exceeding that specified threshold were shared by FPL and its customers.

Cost Recovery Clauses. Cost recovery clauses are designed to permit full recovery of certain costs and provide a return on certain assets allowed to be recovered through various clauses. Cost recovery clause costs are recovered through levelized monthly charges per kWh or kW, depending on the customer's rate class. These cost recovery clause charges are calculated annually based on estimated costs and estimated customer usage for the following year, plus or minus true-up adjustments to reflect the estimated over or under recovery of costs for the current and prior periods. An adjustment to the levelized charges may be approved during the course of a year to reflect revised estimates. FPL recovers costs from customers through the following clauses:

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Fuel - primarily fuel costs, the most significant of the cost recovery clauses in terms of operating revenues (see Note 1 - Rate Regulation);

Capacity - primarily certain costs associated with the acquisition of several electric generation facilities (see Note 1 - Rate Regulation);

Energy Conservation - costs associated with implementing energy conservation programs; and

Environmental - certain costs of complying with federal, state and local environmental regulations enacted after April 1993 and costs associated with three of FPL's solar facilities placed in service prior to 2016.

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. These costs may include, among others, fuel and O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable, storm restoration costs and costs associated with the construction or acquisition of new facilities.

FERC

The Federal Power Act grants the FERC exclusive ratemaking jurisdiction over wholesale sales of electricity and the transmission of electricity and natural gas in interstate commerce. Pursuant to the Federal Power Act, electric utilities must maintain tariffs and rate schedules on file with the FERC which govern the rates, terms and conditions for the provision of FERC-jurisdictional wholesale power and transmission services. The Federal Power Act also gives the FERC authority to certify and oversee a national electric reliability organization with authority to establish and independently enforce mandatory reliability standards applicable to all users, owners and operators of the bulk-power system. See NERC below. Electric utilities are subject to accounting, record-keeping and reporting requirements administered by the FERC. The FERC also places certain limitations on transactions between electric utilities and their affiliates.

NERC

The NERC has been certified by the FERC as the national electric reliability organization. The NERC's mandate is to ensure the reliability and security of the North American bulk-power system through the establishment and enforcement of reliability standards approved by FERC. The NERC's regional entities also enforce reliability standards approved by the FERC. FPL is subject to these reliability standards and incurs costs to ensure compliance with continually heightened requirements, and can incur significant penalties for failing to comply with them.

FPL Environmental Regulation

FPL is subject to environmental laws and regulations as described in the NEE Environmental Matters section below. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

FPL EMPLOYEES

FPL had approximately 9,100 employees at December 31, 2018, with approximately 32% of these employees represented by the International Brotherhood of Electrical Workers (IBEW), substantially all of which are under a collective bargaining agreement with FPL that expires October 31, 2020.

NEER

NEER, a limited liability company organized under the laws of Delaware, was formed in 1998 to aggregate NEE's competitive energy businesses. NEER is a diversified clean energy company with a business strategy that emphasizes the development, construction and operation of long-term contracted assets with a focus on renewable projects. Through its subsidiaries, NEER currently owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets primarily in the U.S., as well as in Canada and Spain. NEER, with approximately 21,000 MW of total net generating capacity at December 31, 2018, is one of the largest wholesale generators of electric power in the U.S., with approximately 20,400 MW of net generating capacity across 36 states, and has 500 MW of net generating capacity in 4 Canadian provinces and 99.8 MW of net generating capacity in Spain. At December 31, 2018, NEER operates facilities with a total generating capacity of 23,500 MW. NEER produces the majority of its electricity from clean and renewable sources as described more fully below. NEER is the world's largest generator of renewable energy from the wind and sun based on 2018 MWh produced on a net generation basis. NEER develops and constructs battery storage projects, which when combined with its renewable projects, serve to enhance its ability to meet customer needs for a nearly firm generation source. NEER also owned and operated approximately 185 substations and 1,135 circuit miles of transmission lines at December 31, 2018.

NEER also engages in energy-related commodity marketing and trading activities, including entering into financial and physical contracts, primarily to hedge the production from its generation assets that is not sold under long-term power supply agreements. These contracts primarily include power and gas commodities and their related products, as well as provide full energy and capacity requirements services primarily to distribution utilities in certain markets and offer customized power and gas and related risk management services to wholesale customers. In addition, NEER participates in natural gas, natural gas liquids and oil production primarily through non-operating ownership interests, and in pipeline infrastructure development, construction, management and

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operations, through either wholly owned subsidiaries or noncontrolling or joint venture interests, hereafter referred to as the gas infrastructure business. NEER also hedges the expected output from its gas infrastructure production assets to protect against price movements.

NEP - NEP was formed in 2014 to acquire, manage and own contracted clean energy projects with stable long-term cash flows through a limited partner interest in NEP OpCo. NEP's projects include energy projects contributed by NEER to NEP OpCo in connection with NEP's initial public offering in July 2014 as well as additional energy projects acquired thereafter. Through an indirect wholly owned subsidiary, NEE owns 101,440,000 common units of NEP OpCo representing a noncontrolling interest in NEP's operating projects of approximately 64.4% at December 31, 2018. NEP was deconsolidated from NEE for financial reporting purposes in January 2018 as a result of changes made to NEP's governance structure during 2017 that, among other things, enhanced NEP common unitholder governance rights. The new governance structure established a NEP board of directors, which elected board members commenced service in January 2018. Subsequent to deconsolidation, NEE began reflecting its ownership interest in NEP as an equity method investment with its earnings from NEP as equity in earnings of equity method investees and accounting for NEER's asset sales to NEP as third-party sales in its consolidated financial statements. See Note 1 - NextEra Energy Partners, LP. Prior to the deconsolidation, NEE owned a controlling general partner interest in NEP and consolidated NEP. At December 31, 2018, NEP owned, or had an interest in, a portfolio of 31 wind and solar projects throughout the U.S. with generating capacity totaling approximately 4,720 MW and membership interests in a portfolio of seven intrastate long-term contracted natural gas pipeline assets located in Texas (Texas pipelines) as further discussed in Generation and Other Operations. NEER operates substantially all of the energy projects in NEP's portfolio and its ownership interest in the portfolio's generating capacity was approximately 3,039 MW at December 31, 2018. In addition in 2015, NEP OpCo issued 2 million NEP OpCo Class B Units to NEER in exchange for an approximately 50% ownership interest in three solar projects with a total generating capacity of 277 MW. NEER, as holder of the Class B Units, will retain 100% of the economic interests if, and until, NEER offers to sell the economic interests to NEP and NEP accepts such offer. NEP OpCo has a right of first offer for certain of NEER's assets (ROFO assets) if NEER should seek to sell the assets. The ROFO assets consist of contracted wind and solar projects with a combined generating capacity of approximately 1,056 MW at December 31, 2018. In addition, NEER and its subsidiaries (other than NEP OpCo and its subsidiaries) have a right of first refusal on any proposed sale of any of the NEP OpCo assets.

GENERATION AND OTHER OPERATIONS

NEER sells products associated with its own generation facilities (energy, capacity, renewable energy credits (RECs) and ancillary services) in competitive markets in regions where those facilities are located. Customer transactions may be supplied from NEER generation facilities or from purchases in the wholesale markets, or from a combination thereof. See Markets and Competition below.

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At December 31, 2018, NEER managed or participated in the management of essentially all of its generation projects and all of its natural gas pipeline assets in which it has an ownership interest. At December 31, 2018, the locations of NEER's generation facilities and natural gas pipeline assets in North America in which NEER has ownership interests were as follows:

Generation Assets and Other Operations

Generation Assets.

NEER's portfolio of generation assets primarily consist of generation facilities with long-term power sales agreements for substantially all of their capacity and/or energy output. Information related to contracted generation assets at December 31, 2018 was as follows:

• represented approximately 18,938 MW of total net generating capacity;

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weighted-average remaining contract term of the power sales agreements and the remaining life of the PTCs associated with repowered wind facilities of approximately 16 years, based on forecasted contributions to earnings and forecasted amounts of electricity produced by the repowered wind facilities; and contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel have expiration dates ranging from March 2019 through 2033 (see Note 15 - Contracts).

NEER's merchant generation assets primarily consist of a nuclear generation facility and oil-fired generation facilities that do not have long-term power sales agreements to sell their capacity and/or energy output and therefore require active marketing and hedging. Merchant generation assets at December 31, 2018 represented approximately 2,047 MW of total net generating capacity, including 1,102 MW from nuclear generation and 781 MW from oil-fired peak generation facilities, and are primarily located in the Northeast region of the U.S. NEER utilizes swaps, options, futures and forwards to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases.

Other Operations.

Gas Infrastructure Business - At December 31, 2018, NEER had ownership interests in the natural gas pipelines discussed below and investments in oil and gas shale formations located primarily in the Midwest and South regions of the U.S.

	Miles of Pipeline	Pipeline Location/Route	NEER's Ownership	Total Capacity (per day)	Actual/Expected In-Service Dates
Operational:					
Texas Pipelines ^(a)	542	South Texas	61.1%	4.05 Bcf	1950 - 2014
Sabal Trail ^(b)	517	Southwestern Alabama to Central Florida	42.5%	0.83 Bcf - 1.075 Bcf	June 2017 - Mid-2021
Florida Southeast Connection ^(b)	169	Central Florida to South Florida	100%	0.64 Bcf	June 2017
Under Construction or In Development:					
Mountain Valley Pipeline ^(c)	303	Northwestern West Virginia to Southern Virginia	31%	2.00 Bcf	End of 2019
Mountain Valley Pipeline - Southgate Expansion ^(d)	73	Southern Virginia to Central North Carolina	47.2%	0.3 Bcf	End of 2020

A NEP portfolio of seven natural gas pipelines, of which a third party owns a 10% interest in a 120-mile pipeline (a) with a daily capacity of approximately 2.3 Bcf. Approximately 3.2 Bcf per day of capacity is contracted with firm ship-or-pay contracts that have expiration dates ranging from 2020 to 2035.

(b) See Note 15 - Contracts for a discussion of transportation contracts with FPL.

(c) Completion of construction of the natural gas pipeline is subject to final permitting. Also, see Note 15 - Contracts for a discussion of a transportation contract with a NEER subsidiary.

(d) Construction of the natural gas pipeline is subject to certain conditions, including FERC approval. See Note 15 - Commitments.

Customer Supply and Proprietary Power and Gas Trading - NEER provides commodities-related products to customers, engages in energy-related commodity marketing and trading activities and includes the operations of a

retail electricity provider. Through its subsidiary PMI, NEER:

- manages risk associated with fluctuating commodity prices and optimizes the value of NEER's power generation and gas infrastructure production assets through the use of swaps, options, futures and forwards;
- sells output from NEER's plants that is not sold under long-term contracts and procures fossil fuel for use by NEER's generation fleet;
- provides full energy and capacity requirements to customers; and
- markets and trades energy-related commodity products and provides a wide range of electricity and fuel commodity products as well as marketing and trading services to customers.

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NEER Fuel/Technology Mix

NEER utilized the following mix of fuel sources for generation facilities in which it has an ownership interest:

*Oil is less than 1%

Wind Facilities

•located in 19 states in the U.S. and 4 provinces in Canada;
•operated a total generating capacity of 15,058 MW at December 31, 2018;
•ownership interests in a total net generating capacity of 13,529 MW at December 31, 2018;
all MW are from contracted wind assets located primarily throughout Texas and the West and Midwest regions of the U.S. and Canada;
added approximately 1,406 MW of new generating capacity and repowered wind generating capacity totaling 899 MW in the U.S. in 2018 and sold assets to NEP (see Note 1 - Disposal of a Business/Assets).

Solar Facilities

•located in 22 states in the U.S. and 1 province in Spain;
•operated PV and solar thermal facilities with a total generating capacity of 2,322 MW at December 31, 2018;
•ownership interests in PV and solar thermal facilities with a total net generating capacity of 2,313 MW at December 31, 2018;
essentially all MW are from contracted solar facilities located primarily throughout the West region of the U.S.;
added approximately 326 MW of generating capacity in the U.S. in 2018 and sold assets to NEP (see Note 1 - Disposal of a Business/Assets).

Fossil Facilities

•operated natural gas generation facilities with a total generating capacity of 2,180 MW at December 31, 2018;
•ownership interests in natural gas generation facilities with a total net generating capacity of 1,639 MW at December 31, 2018;
approximately 1,481 MW are contracted and 158 MW are merchant;
located in 3 states in the Northeast region of the U.S. and in Florida;
added ownership interests in two natural gas generation facilities located in Florida with a total generating capacity of approximately 1,451 MW (NEER's net generating capacity of 1,219 MW) (see Note 8 - Other); and
•operated oil-fired peak generation facilities with a total generating capacity of 878 MW with an ownership or undivided interests in total net generating capacity of 781 MW at December 31, 2018 primarily located in Maine.

Nuclear Facilities

At December 31, 2018, NEER owned, or had undivided interests in, and operated the four nuclear units discussed below. NEER's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed

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from service for variable lengths of time.

Facility	Location	NEER's Ownership (MW)	Portfolio Category	Next Scheduled Refueling Outage	Operating License Expiration Date
Seabrook	New Hampshire	1,102 ^(a)	Merchant	April 2020	2030 ^(b)
Duane Arnold	Iowa	431 ^(c)	Contracted ^(d)	None ^(d)	2034 ^(d)
Point Beach Unit No. 1	Wisconsin	595	Contracted ^(e)	March 2019	2030
Point Beach Unit No. 2	Wisconsin	595	Contracted ^(e)	March 2020	2033

(a) Excludes 147 MW operated by NEER but owned by non-affiliates.

(b) In 2010, NEER filed an application with the NRC to renew Seabrook's operating license for an additional 20 years, which license renewal is pending.

(c) Excludes 184 MW operated by NEER but owned by non-affiliates.

NEER sells all of its share of the output of Duane Arnold under an amended long-term contract expiring in December 2020. Operations of Duane Arnold are expected to cease in late 2020, subject to approval by MISO. See Note 5 - Nonrecurring Fair Value Measurements.

(e) NEER sells all of the output of Point Beach Units Nos. 1 and 2 under long-term contracts through their current operating license expiration dates.

NEER is responsible for all nuclear unit operations and the ultimate decommissioning of the nuclear units, the cost of which is shared on a pro-rata basis by the joint owners for the jointly-owned units. NRC regulations require plant owners to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. In the case of Duane Arnold, a plan for decontamination and decommissioning is required to be submitted to the NRC no later than 2 years following shutdown of the facility.

NEER's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel that is generated at these facilities through license expiration or, in the case of Duane Arnold, through shutdown of the facility.

Policy Incentives for Renewable Energy Projects

U.S. federal, state and local governments have established various incentives to support the development of renewable energy projects. These incentives include accelerated tax depreciation, PTCs, ITCs, cash grants, tax abatements and RPS programs. Pursuant to the U.S. federal Modified Accelerated Cost Recovery System, wind and solar projects are fully depreciated for tax purposes over a five-year period even though the useful life of such projects is generally much longer than five years.

Owners of utility-scale wind facilities are eligible to claim an income tax credit (the PTC, or an ITC in lieu of the PTC) upon initially achieving commercial operation. The PTC is determined based on the amount of electricity produced by the wind facility during the first ten years of commercial operation. This incentive was created under the Energy Policy Act of 1992 and has been extended several times. Alternatively, an ITC equal to 30% of the cost of a wind facility may be claimed in lieu of the PTC. Owners of solar facilities are eligible to claim a 30% ITC for new solar facilities. Previously, owners of solar facilities could have elected to receive an equivalent cash payment from the U.S. Department of Treasury for the value of the 30% ITC (convertible ITC) for qualifying solar facilities where construction began before the end of 2011 and the facilities were placed in service before 2017. In order to qualify for

the PTC (or an ITC in lieu of the PTC) for wind or ITC for solar, construction of a facility must begin before a specified date and the taxpayer must maintain a continuous program of construction or continuous efforts to advance the project to completion. The Internal Revenue Service (IRS) issued guidance stating that the safe harbor for continuous efforts and continuous construction requirements will generally be satisfied if the facility is placed in service no more than four years after the year in which construction of the facility began. The IRS also confirmed that retrofitted wind facilities may re-qualify for PTCs or ITCs pursuant to the 5% safe harbor for the begin construction requirement, as long as the cost basis of the new investment is at least 80% of the facility's total fair value. Tax credits for qualifying wind and solar projects are subject to the following phase-down schedule.

	Year construction of project begins									
	2015	2016	2017	2018	2019	2020	2021	2022		
PTC ^(a)	100 %	100 %	80 %	60 %	40 %	-	-	-		
Wind ITC ^(b)	30 %	30 %	24 %	18 %	12 %	-	-	-		
Solar ITC ^(c)	30 %	30 %	30 %	30 %	30 %	26 %	22 %	10 %		

(a) Percentage of the full PTC available for wind projects that begin construction during the applicable year.

(b) Percentage of eligible project costs that can be claimed as ITC by wind projects that begin construction during the applicable year.

(c) Percentage of eligible project costs that can be claimed as ITC by solar projects that begin construction during the applicable year. ITC is limited to 10% for solar projects not placed in service before January 1, 2024.

Other countries, including Canada and Spain, provide for incentives like feed-in-tariffs for renewable energy projects. The feed-in-tariffs promote renewable energy investments by offering long-term contracts to renewable energy producers, typically based on the cost of generation of each technology.

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MARKETS AND COMPETITION

Electricity markets in the U.S. and Canada are regional and diverse in character. All are extensively regulated, and competition in these markets is shaped and constrained by regulation. The nature of the products offered varies based on the specifics of regulation in each region. Generally, in addition to the natural constraints on pricing freedom presented by competition, NEER may also face specific constraints in the form of price caps, or maximum allowed prices, for certain products. NEER's ability to sell the output of its generation facilities may also be constrained by available transmission capacity, which can vary from time to time and can have a significant impact on pricing.

The degree and nature of competition is different in wholesale markets than in retail markets. During 2018, 2017 and 2016, approximately 85% of NEER's revenue was derived from wholesale electricity markets.

Wholesale power generation is a capital-intensive, commodity-driven business with numerous industry participants. NEER primarily competes on the basis of price, but believes the green attributes of NEER's generation assets, its creditworthiness and its ability to offer and manage reliable customized risk solutions to wholesale customers are competitive advantages. Wholesale power generation is a regional business that is highly fragmented relative to many other commodity industries and diverse in terms of industry structure. As such, there is a wide variation in terms of the capabilities, resources, nature and identity of the companies NEER competes with depending on the market. In wholesale markets, customers' needs are met through a variety of means, including long-term bilateral contracts, standardized bilateral products such as full requirements service and customized supply and risk management services.

In general, U.S. and Canadian electricity markets encompass three classes of services: energy, capacity and ancillary services. Energy services relate to the physical delivery of power; capacity services relate to the availability of MW capacity of a power generation asset; and ancillary services are other services that relate to power generation assets, such as load regulation and spinning and non-spinning reserves. The exact nature of these classes of services is defined in part by regional tariffs. Not all regions have a capacity services class, and the specific definitions of ancillary services vary from region to region.

RTOs and ISOs exist throughout much of North America to coordinate generation and transmission across wide geographic areas and to run markets. NEER operates in all RTO and ISO jurisdictions. At December 31, 2018, NEER also had generation facilities with ownership interests in a total net generating capacity of approximately 4,110 MW that fall within reliability regions that are not under the jurisdiction of an established RTO or ISO, including 2,267 MW within the Western Electricity Coordinating Council and 1,219 MW within the Florida Reliability Coordinating Council. Although each RTO and ISO may have differing objectives and structures, some benefits of these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability and facilitating competition among wholesale electricity providers. NEER has operations that fall within the following RTOs and ISOs:

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NEER competes in different regions to differing degrees, but in general it seeks to enter into long-term bilateral contracts for the full output of its generation facilities. At December 31, 2018, approximately 90% of NEER's net generating capacity was committed under long-term contracts. Where long-term contracts are not in effect, NEER sells the output of its facilities into daily spot markets. In such cases, NEER will frequently enter into shorter term bilateral contracts, typically of less than three years duration, to hedge the price risk associated with selling into a daily spot market. Such bilateral contracts, which may be hedges either for physical delivery or for financial (pricing) offset, serve to protect a portion of the revenue that NEER expects to derive from the associated generation facility. Contracts that serve the economic purpose of hedging some portion of the expected revenue of a generation facility but are not recorded as hedges under GAAP are referred to as "non-qualifying hedges" for adjusted earnings purposes. See Management's Discussion - Overview - Adjusted Earnings.

Certain facilities within the NEER wind and solar generation portfolio produce RECs and other environmental attributes which are typically sold along with the energy from the plants under long-term contracts, or may be sold separately for the wind and solar generation not sold under long-term contracts. The purchasing party is solely entitled to the reporting rights and ownership of the environmental attributes.

While the majority of NEER's revenue is derived from the output of its generation facilities, NEER is also an active competitor in several regions in the wholesale full requirements business and in providing structured and customized power and fuel products and services to a variety of customers. In the full requirements service, typically, the supplier agrees to meet the customer's needs for a full range of products for every hour of the day, at a fixed price, for a predetermined period of time, thereby assuming the risk of fluctuations in the customer's volume requirements.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for NEER. Opportunities exist for the selective acquisition of generation assets and for the construction and operation of efficient facilities that can sell power in competitive markets. NEER seeks to reduce its market risk by having a diversified portfolio by fuel type and location, as well as by contracting for the future sale of a significant amount of the electricity output of its facilities.

NEER REGULATION

The energy markets in which NEER operates are subject to domestic and foreign regulation, as the case may be, including local, state and federal regulation, and other specific rules.

At December 31, 2018, essentially all of NEER's operating independent power projects located in the U.S. have received exempt wholesale generator status as defined under the Public Utility Holding Company Act of 2005. Exempt wholesale generators own or operate a facility exclusively to sell electricity to wholesale customers. They are barred from selling electricity directly to retail customers. While projects with exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including, but not limited to, those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Additionally, most of the NEER facilities located in the U.S. are subject to FERC regulations and market rules and the NERC's mandatory reliability standards, all of its facilities are subject to environmental laws and the EPA's environmental regulations, and its nuclear facilities are also subject to the jurisdiction of the NRC. See FPL - FPL Regulation for additional discussion of FERC, NERC, NRC and EPA regulations. With the exception of facilities located in ERCOT, the FERC has jurisdiction over various aspects of NEER's business in the U.S., including the

oversight and investigation of competitive wholesale energy markets, regulation of the transmission and sale of natural gas, and oversight of environmental matters related to natural gas projects and major electricity policy initiatives. The Public Utility Commission of Texas has jurisdiction, including the regulation of rates and services, oversight of competitive markets, and enforcement of statutes and rules, over NEER facilities located in ERCOT.

NEER and its affiliates are also subject to federal and provincial or regional regulations in Canada and Spain related to energy operations, energy markets and environmental standards. In Canada, activities related to owning and operating wind and solar projects and participating in wholesale and retail energy markets are regulated at the provincial level. In Ontario, for example, electricity generation facilities must be licensed by the Ontario Energy Board and may also be required to complete registrations and maintain market participant status with the Independent Electricity System Operator, in which case they must agree to be bound by and comply with the provisions of the market rules for the Ontario electricity market as well as the mandatory reliability standards of the NERC.

In addition, NEER is subject to environmental laws and regulations as described in the NEE Environmental Matters section below. In order to better anticipate potential regulatory changes, NEER continues to actively evaluate and participate in regional market redesigns of existing operating rules for the integration of renewable energy resources and for the purchase and sale of energy commodities.

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NEER EMPLOYEES

NEER and its subsidiaries had approximately 5,100 employees at December 31, 2018. Certain subsidiaries of NEER have collective bargaining agreements with the IBEW, the Utility Workers Union of America, the Security Police and Fire Professionals of America and the International Union of Operating Engineers, which collectively represent approximately 17% of NEER's employees. The collective bargaining agreements have three- to five-year terms and expire between May 2019 and 2021.

GULF POWER

On January 1, 2019, NEE completed the previously announced acquisition of all of the outstanding common shares of Gulf Power under a stock purchase agreement with The Southern Company dated May 20, 2018, as amended, for approximately \$4.47 billion in cash consideration, excluding post-closing working capital adjustments, and the assumption of approximately \$1.3 billion of Gulf Power debt. Gulf Power was incorporated under the laws of Maine in 1925 and became a Florida corporation after being domesticated under the laws of Florida in 2005. Gulf Power, a rate-regulated electric utility under the jurisdiction of the FPSC, is engaged in the generation, transmission, distribution and sale of electric energy in northwest Florida. As of January 1, 2019, Gulf Power served more than 460,000 customers in eight counties throughout northwest Florida and had approximately 2,300 MW of fossil-fueled electric generating capacity and 9,400 miles of transmission and distribution lines located in Florida, Mississippi and Georgia. See Note 8 - Gulf Power Company for further discussion.

NEE ENVIRONMENTAL MATTERS

NEE and its subsidiaries, including FPL, are subject to environmental laws and regulations, including extensive federal, state and local environmental statutes, rules and regulations, for the siting, construction and ongoing operations of their facilities. The U.S. government and certain states and regions, as well as the Government of Canada and its provinces, have taken and continue to take certain actions, such as proposing and finalizing regulation or setting targets or goals, regarding the regulation and reduction of GHG emissions and the increase of renewable energy generation. Numerous environmental regulations also affecting FPL, NEER, Gulf Power, and certain other subsidiaries relate to threatened and endangered species and/or their habitats, as well as other avian and bat species. The environmental laws in the U.S., including, among others, the Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act, provide for the protection of endangered species of birds and bats and/or their habitats, migratory birds and eagles. Complying with these environmental laws and regulations could result in, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. Failure to comply could result in fines, penalties, criminal sanctions or injunctions. The impact of complying with current environmental laws and regulations has not had, and, along with compliance with proposed regulations as currently written, is not expected to have, a material adverse effect on the financial statements of NEE and FPL. NEE's rate-regulated subsidiaries expect to seek recovery for compliance costs associated with any new environmental laws and regulations, which recovery for FPL and Gulf Power would be through their respective environmental clause.

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' or

affiliates' websites) are not incorporated by reference into this combined Form 10-K.

Table of ContentsEXECUTIVE OFFICERS OF NEE^(a)

Name	Age	Position	Effective Date
Miguel Arechabala	57	Executive Vice President, Power Generation Division of NEE Executive Vice President, Power Generation Division of FPL Executive Vice President, Human Resources and Corporate Services of NEE	January 1, 2014
Deborah H. Caplan	56	Executive Vice President, Human Resources and Corporate Services of FPL	April 15, 2013
Terrell Kirk Crews, II ^(b)	40	Vice President, Controller and Chief Accounting Officer of NEE	September 19, 2016
Paul I. Cutler	59	Treasurer of NEE Treasurer of FPL Assistant Secretary of NEE	February 19, 2003 February 18, 2003 December 10, 1997
Joseph T. Kelliher	58	Executive Vice President, Federal Regulatory Affairs of NEE	May 18, 2009
John W. Ketchum ^(b)	48	Executive Vice President, Finance and Chief Financial Officer of NEE Executive Vice President, Finance and Chief Financial Officer of FPL	March 4, 2016
Manoochehr K. Nazar	64	President Nuclear Division and Chief Nuclear Officer of NEE President Nuclear Division and Chief Nuclear Officer of FPL	May 23, 2014 May 30, 2014
Armando Pimentel, Jr. ^(b)	56	President and Chief Executive Officer of NEER	October 5, 2011
James L. Robo	56	Chairman, President and Chief Executive Officer of NEE Chairman of FPL	December 13, 2013 May 2, 2012
Charles E. Sieving	46	Executive Vice President & General Counsel of NEE Executive Vice President of FPL	December 1, 2008
Eric E. Silagy	53	President and Chief Executive Officer of FPL Executive Vice President, Engineering, Construction and Integrated Supply Chain of NEE	January 1, 2009 May 30, 2014
William L. Yeager	60	Executive Vice President, Engineering, Construction and Integrated Supply Chain of FPL	January 1, 2013

Information is as of February 15, 2019. Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his/her present position for five years or more and his/her employment history is continuous. Mr. Crews served as NEE's Vice President, Finance from April 2016 to September 2016. From July 2015 to April 2016, he was a partner in the national office of Deloitte & Touche LLP (Deloitte); and from June 2013 to June 2015, he served as a professional accounting fellow (a) in the Office of the Chief Accountant of the SEC. Mr. Ketchum served as NEE's Senior Vice President, Finance from February 2015 to March 2016, and Senior Vice President, Business Management and Finance from December 2013 to February 2015. Mr. Nazar has been chief nuclear officer of NEE and FPL since January 2010 and was executive vice president, nuclear division of NEE and FPL from January 2010 to May 2014. Mr. Robo has been president and chief executive officer of NEE since July 2012 and was the chief executive officer of FPL from May 2012 to May 2014. Mr. Silagy has been president of FPL since December 2011.

The following information was announced January 25, 2019 and is effective March 1, 2019. Mr. Pimentel will retire as President and Chief Executive Officer of NEER. Mr. Ketchum was appointed President and Chief Executive Officer of NEER and will cease to serve as Executive Vice President, Finance and Chief Financial Officer of NEE and FPL. Rebecca Kujawa, age 43, was appointed Executive Vice President, Finance and Chief Financial Officer of NEE and FPL and, in such capacities, will serve as NEE's and FPL's principal financial officer. (b) Ms. Kujawa has served as Vice President, Business Management of NEER since March 2012. Mr. Crews was appointed Vice President, Business Management of NEER and will cease to serve as Vice President, Controller and Chief Accounting Officer of NEE. James May, age 42, was appointed Vice President, Controller and Chief Accounting Officer of NEE and, in such capacities, will serve as NEE's principal accounting officer. Mr. May has served as Controller of NEER since April 2015 and was Director of Accounting of NEER from July 2013 to April 2015.

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Item 1A. Risk Factors

Risks Relating to NEE's and FPL's Business

The business, financial condition, results of operations and prospects of NEE and FPL are subject to a variety of risks, many of which are beyond the control of NEE and FPL. These risks, as well as additional risks and uncertainties either not presently known or that are currently believed to not be material to the business, may materially adversely affect the business, financial condition, results of operations and prospects of NEE and FPL and may cause actual results of NEE and FPL to differ substantially from those that NEE or FPL currently expects or seeks. In that event, the market price for the securities of NEE or FPL could decline. Accordingly, the risks described below should be carefully considered together with the other information set forth in this report and in future reports that NEE and FPL file with the SEC.

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.

The operations of NEE and FPL are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, portions of which are more specifically identified in the following risk factors, regulates, among other things and to varying degrees, NEE's and FPL's industry, businesses, rates and cost structures, operation and licensing of nuclear power facilities, construction and operation of electricity generation, transmission and distribution facilities and natural gas and oil production, natural gas, oil and other fuel transportation, processing and storage facilities, acquisition, disposal, depreciation and amortization of facilities and other assets, decommissioning costs and funding, service reliability, wholesale and retail competition, and commodities trading and derivatives transactions. In their business planning and in the management of their operations, NEE and FPL must address the effects of regulation on their business and any inability or failure to do so adequately could have a material adverse effect on their 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 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.

FPL operates as an electric utility and is subject to the jurisdiction of the FPSC over a wide range of business activities, including, among other items, the retail rates charged to its customers through base rates and cost recovery clauses, the terms and conditions of its services, procurement of electricity for its customers and fuel for its plant operations, issuances of securities, and aspects of the siting, construction and operation of its generation plants and transmission and distribution systems for the sale of electric energy. The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred and to determine the level of return that FPL is permitted to earn on invested capital. The regulatory process, which may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere, limits or could otherwise adversely impact FPL's earnings. The regulatory process also does not provide any assurance as to achievement of authorized or other earnings levels, or that FPL will be permitted to earn an acceptable return on capital investments it wishes to make. NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected if any material amount of costs, a return on certain assets or a reasonable return on invested capital cannot be

recovered through base rates, cost recovery clauses, other regulatory mechanisms or otherwise. Certain other subsidiaries of NEE are utilities subject to the jurisdiction of their regulators and are subject to similar risks.

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

The local and national political, regulatory and economic environment has had, and may in the future have, an adverse effect on FPSC decisions with negative consequences for FPL. These decisions may require, for example, FPL to cancel or delay planned development activities, to reduce or delay other planned capital expenditures or to pay for investments or otherwise incur costs that it may not be able to recover through rates, each of which could have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL. Certain other subsidiaries of NEE are subject to similar risks.

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.

The FPSC engages in an annual prudence review of FPL's use of derivative instruments in its risk management fuel procurement program and should it find any such use to be imprudent, the FPSC could deny cost recovery for such use by FPL. Such an outcome could have a material adverse effect on FPL's business, financial condition, results of operations and prospects.

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, RPS or feed-in tariffs, or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, NEER abandoning the development of

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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.

NEER depends heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating wind and solar energy projects in regions in which NEER operates or plans to develop and operate renewable energy facilities. The federal government, a majority of the U.S. and portions of Canada and Spain provide incentives, such as tax incentives, RPS or feed-in tariffs, that support or are designed to support the sale of energy from utility scale renewable energy facilities, such as wind and solar energy facilities. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their laws and policies that support renewable energy and consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy 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 the projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

NEE's and FPL's business is influenced by various legislative and regulatory initiatives, including, but not limited to, new or revised laws, including international trade laws, regulations, interpretations or ballot and regulatory initiatives regarding deregulation or restructuring of the energy industry, regulation of the commodities trading and derivatives markets, and regulation of environmental matters, such as regulation of air emissions, regulation of water consumption and water discharges, and regulation of gas and oil infrastructure operations, as well as associated environmental permitting. Changes in the nature of the regulation of NEE's and FPL's business could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects. NEE and FPL are unable to predict future legislative or regulatory changes, initiatives or interpretations, although any such changes, initiatives or interpretations may increase costs and competitive pressures on NEE and FPL, which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

FPL has limited competition in the Florida market for retail electricity customers. Any changes in Florida law or regulation which introduce competition in the Florida retail electricity market, such as government incentives that facilitate the installation of solar generation facilities on residential or other rooftops at below cost or that are otherwise subsidized by non-participants, or would permit third-party sales of electricity, could have a material adverse effect on FPL's business, financial condition, results of operations and prospects. There can be no assurance that FPL will be able to respond adequately to such regulatory changes, which could have a material adverse effect on FPL's business, financial condition, results of operations and prospects.

NEER is subject to FERC rules related to transmission that are designed to facilitate competition in the wholesale market on practically a nationwide basis by providing greater certainty, flexibility and more choices to wholesale power customers. NEE cannot predict the impact of changing FERC rules or the effect of changes in levels of wholesale supply and demand, which are typically driven by factors beyond NEE's control. There can be no assurance that NEER will be able to respond adequately or sufficiently quickly to such rules and developments, or to any changes that reverse or restrict the competitive restructuring of the energy industry in those jurisdictions in which such

restructuring has occurred. Any of these events could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

NEE's and FPL's OTC financial derivatives are subject to rules implementing certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and similar international regulations. NEE and FPL cannot predict the impact any proposed or not fully implemented final rules will have on their ability to hedge their commodity and interest rate risks or on OTC derivatives markets as a whole, but such rules and regulations could have a material adverse effect on NEE's and FPL's risk exposure, as well as reduce market liquidity and further increase the cost of hedging activities.

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 and FPL are subject to domestic environmental laws, regulations and other standards, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, soil quality, climate change, emissions of greenhouse gases, including, but not limited to, CO₂, waste management, hazardous wastes, marine, avian and other wildlife mortality and habitat protection, historical artifact preservation, natural resources, health (including, but not limited to, electric and magnetic fields from power lines and substations), safety and RPS, that could, among other things, prevent or delay the development of power generation, power or natural gas transmission, or other infrastructure projects, restrict or enjoin the output of some existing facilities, limit the availability and use of some fuels required for the production of electricity, require additional pollution control equipment, and otherwise increase costs, increase capital expenditures and limit or eliminate certain operations. Certain subsidiaries of NEE are also subject to foreign environmental laws, regulations and other standards and, as such, are subject to similar risks.

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There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future as a result of new requirements and stricter or more expansive application of existing environmental regulations.

Violations of current or future laws, rules, regulations or other standards could expose NEE and FPL to regulatory and legal proceedings, disputes with, and legal challenges by, governmental entities and third parties, and potentially significant civil fines, criminal penalties and other sanctions. Proceedings could include, for example, litigation regarding property damage, personal injury, common law nuisance and enforcement by citizens or governmental authorities of environmental requirements.

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.

Federal or state laws or regulations may be adopted that would impose new or additional limits on the emissions of greenhouse gases, including, but not limited to, CO₂ and methane, from electric generation units using fossil fuels like coal and natural gas. The potential effects of greenhouse gas emission limits on NEE's and FPL's electric generation units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of greenhouse gas emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives.

While NEE's and FPL's electric generation units emit greenhouse gases at a lower rate of emissions than most of the U.S. electric generation sector, the results of operations of NEE and FPL could be materially adversely affected to the extent that new federal or state laws or regulations impose any new greenhouse gas emission limits. Any future limits on greenhouse gas emissions could:

- create substantial additional costs in the form of taxes or emission allowances;
- make some of NEE's and FPL's electric generation units uneconomical to operate in the long term;
- require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or
- affect the availability or cost of fossil fuels.

There can be no assurance that NEE or FPL would be able to completely recover any such costs or investments, which could have a material adverse effect on their business, financial condition, results of operations and prospects.

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.

NEE's and FPL's operations and businesses are subject to extensive federal regulation, which generally imposes significant and increasing compliance costs on their operations and businesses. Additionally, any actual or alleged compliance failures could result in significant costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties. As an example, under the Energy Policy Act of 2005, NEE and FPL, as owners and operators of bulk-power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance

with these mandatory reliability standards may subject NEE and FPL to higher operating costs and may result in increased capital expenditures. If FPL or NEE is found not to be in compliance with these standards, they may incur substantial monetary penalties and other sanctions. Both the costs of regulatory compliance and the costs that may be imposed as a result of any actual or alleged compliance failures could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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 provision for income taxes and reporting of tax-related assets and liabilities require significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, guidance or policies, including changes in corporate income tax rates, the financial condition and results of operations of NEE and FPL, and the resolution of audit issues raised by taxing authorities. These factors, including the ultimate resolution of income tax matters, may result in material adjustments to tax-related assets and liabilities, which 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.

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NEE's and FPL's business, financial condition, results of operations and prospects may be materially affected by adverse results of litigation. Unfavorable resolution of legal proceedings in which NEE or FPL is involved or other future legal proceedings may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.

Development and Operational Risks

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

NEE's and FPL's ability to proceed with projects under development and to complete construction of, and capital improvement projects for, their electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, inability to obtain or renew necessary licenses, rights-of-way, permits or other approvals on acceptable terms or on schedule, disputes involving contractors, labor organizations, land owners, governmental entities, environmental groups, Native American and aboriginal groups, lessors, joint venture partners and other third parties, negative publicity, transmission interconnection issues and other factors. If any development project or construction or capital improvement project is not completed, is delayed or is subject to cost overruns, certain associated costs may not be approved for recovery or otherwise be recoverable through regulatory mechanisms that may be available, and NEE and FPL could become obligated to make delay or termination payments or become obligated for other damages under contracts, could experience the loss of tax credits or tax incentives, or delayed or diminished returns, and could be required to write off all or a portion of their investment in the project. Any of these events could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

NEE and FPL own, develop, construct, manage and operate electric-generation and transmission facilities and natural gas transmission facilities. A key component of NEE's and FPL's growth is their ability to construct and operate generation and transmission facilities to meet customer needs. As part of these operations, NEE and FPL must periodically apply for licenses and permits from various local, state, federal and other regulatory authorities and abide by their respective conditions. Should NEE or FPL be unsuccessful in obtaining necessary licenses or permits on acceptable terms or resolving third-party challenges to such licenses or permits, should there be a delay in obtaining or renewing necessary licenses or permits or should regulatory authorities initiate any associated investigations or enforcement actions or impose related penalties or disallowances on NEE or FPL, NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected. Any failure to negotiate successful project development agreements for new facilities with third parties could have similar results.

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

NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities, retail gas distribution system in Florida and other facilities are subject to many operational risks. Operational risks could result in, among other things, lost revenues due to prolonged outages, increased expenses due to monetary penalties or fines for compliance failures or legal claims, liability to third parties for property and personal injury damage or loss of life, a failure to perform under applicable power sales agreements or other agreements and associated loss of revenues from terminated agreements or liability for liquidated damages under continuing agreements, and replacement equipment costs or an obligation to purchase or generate replacement power at higher prices.

Uncertainties and risks inherent in operating and maintaining NEE's and FPL's facilities include, but are not limited to:

- risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned;
- failures in the availability, acquisition or transportation of fuel or other necessary supplies;
- the impact of unusual or adverse weather conditions and natural disasters, including, but not limited to, hurricanes, tornadoes, icing events, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires, leaks or other major events, of equipment, transmission and distribution lines or pipelines;
- availability of replacement equipment;
- risks of property damage, human injury or loss of life from energized equipment, hazardous substances or explosions, fires, leaks or other events, especially where facilities are located near populated areas;
- potential environmental impacts of gas infrastructure operations;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;

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- inability to identify, manage properly or mitigate equipment defects in NEE's and FPL's facilities;
- use of new or unproven technology;
- risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation, and lack of available alternative fuel sources;
- increased competition due to, among other factors, new facilities, excess supply, shifting demand and regulatory changes; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

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.

Growth in customer accounts and growth of customer usage each directly influence the demand for electricity and the need for additional power generation and power delivery facilities, as well as the need for energy-related commodities such as natural gas. Customer growth and customer usage are affected by a number of factors outside the control of NEE and FPL, such as mandated energy efficiency measures, demand side management requirements, and economic and demographic conditions, such as population changes, job and income growth, housing starts, new business formation and the overall level of economic activity. A lack of growth, or a decline, in the number of customers or in customer demand for electricity or natural gas and other fuels may cause NEE and FPL to fail to fully realize the anticipated benefits from significant investments and expenditures and could have a material adverse effect on NEE's and FPL's growth, business, financial condition, results of operations and prospects.

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.

Weather conditions directly influence the demand for electricity and natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods, tornadoes, icing events and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water, and require NEE and FPL to incur additional costs, for example, to restore service and repair damaged facilities, to obtain replacement power and to access available financing sources. Furthermore, NEE's and FPL's physical plants could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation and, particularly relevant to FPL, a change in sea level. FPL operates in the east and lower west coasts of Florida, an area that historically has been prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEE and FPL from operating their business in the normal course and could result in any of the adverse consequences described above. Any of the foregoing could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

At FPL and other businesses of NEE where cost recovery is available, recovery of costs to restore service and repair damaged facilities is or may be subject to regulatory approval, and any determination by the regulator not to permit timely and full recovery of the costs incurred could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

Changes in weather can also affect the production of electricity at power generation facilities, including, but not limited to, NEER's wind and solar facilities. For example, the level of wind resource affects the revenue produced by wind generation facilities. Because the levels of wind and solar resources are variable and difficult to predict, NEER's results of operations for individual wind and solar facilities specifically, and NEE's results of operations generally, may vary significantly from period to period, depending on the level of available resources. To the extent that resources are not available at planned levels, the financial results from these facilities may be less than expected.

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.

NEE and FPL are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. There have been cyber attacks within the energy industry on energy infrastructure such as substations, gas pipelines and related assets in the past and there may be such attacks in the future. NEE's and FPL's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or otherwise be materially adversely affected by, such activities.

Terrorist acts, cyber attacks or other similar events affecting NEE's and FPL's systems and facilities, or those of third parties on which NEE and FPL rely, could harm NEE's and FPL's business, for example, by limiting their ability to generate, purchase or transmit power, natural gas or other energy-related commodities, by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generation, distribution or transmission facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or

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acquire insurance), significant fines and penalties, and reputational damage, could materially adversely affect NEE's and FPL's operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair NEE's and FPL's ability to raise capital (for example, by contributing to financial instability and lower economic activity). In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs. Such events or actions 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.

Insurance coverage may not continue to be available or may not be available at rates or on terms similar to those presently available to NEE and FPL. 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. If insurance coverage is not available or obtainable on acceptable terms, NEE or FPL may be required to pay costs associated with adverse future events. NEE and FPL generally are not fully insured against all significant losses. For example, FPL is not fully insured against hurricane-related losses, but would instead seek recovery of such uninsured losses from customers subject to approval by the FPSC, to the extent losses exceed restricted funds set aside to cover the cost of storm damage. A loss for which NEE or FPL is not fully insured could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE invests in gas and oil producing and transmission assets through NEER's gas infrastructure business. The gas infrastructure business is exposed to fluctuating market prices of natural gas, natural gas liquids, oil and other energy commodities. A prolonged period of low gas and oil prices could impact NEER's gas infrastructure business and cause NEER to delay or cancel certain gas infrastructure projects and could result in certain projects becoming impaired, which could materially adversely affect NEE's results of operations.

Natural gas and oil prices are affected by supply and demand, both globally and regionally. Factors that influence supply and demand include operational issues, natural disasters, weather, political instability, conflicts, new discoveries, technological advances, economic conditions and actions by major oil-producing countries. There can be significant volatility in market prices for gas and oil, and price fluctuations could have a material effect on the financial performance of gas and oil producing and transmission assets. For example, in a low gas and oil price environment, NEER would generate less revenue from its gas infrastructure investments in gas and oil producing properties, and as a result certain investments might become less profitable or incur losses. Prolonged periods of low oil and gas prices could also result in the delay or cancellation of oil and gas production and transmission projects, could cause projects to experience lower returns, and could result in certain projects becoming impaired, which could materially adversely affect NEE's results of operations.

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

NEER provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors,

including, but not limited to, events that may occur after such utilities have committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers. NEER may not be able to recover all of its increased supply costs, which could have a material adverse effect on 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.

There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities. NEE's inability or failure to manage properly or hedge effectively its assets or positions against changes in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures, based on factors that are either within, or wholly or partially outside of, NEE's control, may materially adversely affect NEE's business, financial condition, results of operations and prospects.

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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 is an active participant in energy markets. The liquidity of regional energy markets is an important factor in NEE's ability to manage risks in these operations. Market liquidity is driven in part by the number of active market participants. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit and other factors, and any reduction in the liquidity of energy markets could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

NEE and FPL have hedging and trading procedures and associated risk management tools, such as separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. NEE and FPL are unable to assure that such procedures and tools will be effective against all potential risks, including, without limitation, employee misconduct. If such procedures and tools are not effective, this could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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.

NEE's and FPL's risk management tools and metrics associated with their hedging and trading procedures, such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines, are based on historical price movements. Due to the inherent uncertainty involved in price movements and potential deviation from historical pricing behavior, NEE and FPL are unable to assure that their risk management tools and metrics will be effective to protect against material adverse effects on their business, financial condition, results of operations and prospects.

If power transmission or natural gas, nuclear fuel or other commodity transportation facilities are unavailable or disrupted, the ability for subsidiaries of NEE, including FPL, to sell and deliver power or natural gas may be limited.

Subsidiaries of NEE, including FPL, depend upon power transmission and natural gas, nuclear fuel and other commodity transportation facilities, many of which they do not own. Occurrences affecting the operation of these facilities that may or may not be beyond the control of subsidiaries of NEE, including FPL, (such as severe weather or a generation or transmission facility outage, pipeline rupture, or sudden and significant increase or decrease in wind generation) may limit or halt their ability to sell and deliver power and natural gas, or to purchase necessary fuels and other commodities, which could materially adversely impact NEE's and FPL's business, financial condition, results of operations and prospects.

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

NEE and FPL are exposed to risks associated with the creditworthiness and performance of their customers, hedging counterparties and vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers, hedging counterparties and vendors, may adversely affect the ability of some customers, hedging

counterparties and vendors to perform as required under their contracts with NEE and FPL.

If any hedging, vending or other counterparty fails to fulfill its contractual obligations, NEE and FPL may need to make arrangements with other counterparties or vendors, which could result in material financial losses, higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of their operations. If a defaulting counterparty is in poor financial condition, NEE and FPL may not be able to recover damages for any contract breach.

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 use derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the OTC markets or on exchanges, to manage their commodity and financial market risks, and for NEE to engage in trading and marketing activities. Any failures by their counterparties to perform or make payments in accordance with the terms of those transactions could have a material adverse effect on NEE's or FPL's business, financial condition, results of operations and prospects. Similarly, any requirement for FPL or NEE to post margin cash collateral under its derivative contracts could have a material adverse effect on its business, financial condition, results of operations and prospects. These risks may be increased during periods of adverse market or economic conditions affecting the industry in which NEE and FPL participate.

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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 and FPL operate in a highly regulated industry that requires the continuous functioning of sophisticated information technology systems and network infrastructure. Despite NEE's and FPL's implementation of security measures, all of their technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If NEE's or FPL's information technology systems were to fail or be breached, sensitive confidential and other data could be compromised and NEE and FPL could be unable to fulfill critical business functions.

NEE's and FPL's business is highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex and cross numerous and diverse markets. Due to the size, scope, complexity and geographical reach of NEE's and FPL's business, the development and maintenance of information technology systems to keep track of and process information is critical and challenging. NEE's and FPL's operating systems and facilities may fail to operate properly or become disabled as a result of events that are either within, or wholly or partially outside of, their control, such as operator error, severe weather, terrorist activities or cyber incidents. Any such failure or disabling event could materially adversely affect NEE's and FPL's ability to process transactions and provide services, and their business, financial condition, results of operations and prospects.

NEE and FPL add, modify and replace information systems on a regular basis. Modifying existing information systems or implementing new or replacement information systems is costly and involves risks, including, but not limited to, integrating the modified, new or replacement system with existing systems and processes, implementing associated changes in accounting procedures and controls, and ensuring that data conversion is accurate and consistent. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues and the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the companies' control environment, and/or the companies' ability to timely file required regulatory reports.

NEE and FPL also face the risks of operational failure or capacity constraints of third parties, including, but not limited to, those who provide power transmission and natural gas transportation services.

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's and FPL's retail businesses require access to sensitive customer data in the ordinary course of business. NEE's and FPL's retail businesses may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail businesses. If a significant breach occurred, the reputation of NEE and FPL could be materially adversely affected, customer confidence could be diminished, or customer information could be subject to identity theft. NEE and FPL would be subject to costs associated with the breach and/or NEE and FPL could be subject to fines and legal claims, any of which may 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 execute transactions in derivative instruments on either recognized exchanges or via the OTC markets, depending on management's assessment of the most favorable credit and market execution factors. Transactions executed in OTC markets have the potential for greater volatility and less liquidity than transactions on recognized exchanges. As a result, NEE and FPL may not be able to execute desired OTC transactions due to such heightened volatility and limited liquidity.

In the absence of actively quoted market prices and pricing information from external sources, the valuation of derivative instruments involves management's judgment and use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments and have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

From time to time, political and public sentiment may result in a significant amount of adverse press coverage and other adverse public statements affecting NEE and FPL. Adverse press coverage and other adverse statements, whether or not driven by political or public sentiment, may also result in investigations by regulators, legislators and law enforcement officials or in legal claims. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of senior management from NEE's and FPL's business.

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Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can have a negative impact on the reputation of NEE and FPL, on the morale and performance of their employees and on their relationships with regulators. It may also have a negative impact on their ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may 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 adversely affected if they are unable to maintain, negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.

Subsidiaries of NEE, including FPL, may negotiate franchise agreements with municipalities and counties in Florida to provide electric services within such municipalities and counties, and electricity sales generated pursuant to these agreements represent a very substantial portion of the subsidiary's revenues. If they are unable to maintain, negotiate or renegotiate such franchise agreements on acceptable terms, it could contribute to lower earnings and they may not fully realize the anticipated benefits from significant investments and expenditures, which could adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

Employee strikes or work stoppages could disrupt operations and lead to a loss of revenue and customers. Personnel costs may also increase due to inflationary or competitive pressures on payroll and benefits costs and revised terms of collective bargaining agreements with union employees. These consequences could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

NEE is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the energy industry in general. In addition, NEE may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

NEE may not realize the anticipated benefits of the Gulf Power acquisition, which could materially adversely affect NEE's business, financial condition, results of operations and prospects.

NEE may not realize the anticipated benefits from the Gulf Power acquisition, including if the businesses are not integrated successfully or if integration takes longer than anticipated. These risks include potential difficulties in conversion of systems and information, disruption from the acquisition making it more difficult to maintain relationships with customers, employees or suppliers, and diversion of management time and attention to integration and other acquisition-related issues. These consequences could have a material adverse effect on 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.

NEE's and FPL's nuclear generation facilities are subject to environmental, health and financial risks, including, but not limited to, those relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack or cyber incident and other potential liabilities arising out of the ownership or operation of the facilities. NEE and FPL maintain decommissioning funds and external insurance coverage which are intended to reduce the financial exposure to some of these risks; however, the cost of decommissioning nuclear generation facilities could exceed the amount available in NEE's and FPL's decommissioning funds, and the exposure to liability and property damages could exceed the amount of insurance coverage. If NEE or FPL is unable to recover the additional costs incurred through insurance or, in the case of FPL, through regulatory mechanisms, their business, financial condition, results of operations and prospects could be materially adversely affected.

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.

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 the maximum amount of private liability insurance obtainable, and participates in a secondary financial protection system, which provides liability insurance coverage for an incident at any nuclear reactor in the U.S. Under the secondary

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financial protection system, NEE is subject to retrospective assessments and/or retrospective insurance premiums, plus any applicable taxes, for an incident at any nuclear reactor in the U.S. or at certain nuclear generation facilities in Europe, regardless of fault or proximity to the incident. Such assessments, if levied, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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 NRC has broad authority to impose licensing and safety-related requirements for the operation and maintenance of nuclear generation facilities, the addition of capacity at existing nuclear generation facilities and the construction of new nuclear generation facilities, and these requirements are subject to change. In the event of non-compliance, the NRC has the authority to impose fines and/or shut down a nuclear generation facility, depending upon the NRC's assessment of the severity of the situation, until compliance is achieved. Any of the foregoing events could require NEE and FPL to incur increased costs and capital expenditures, and could reduce revenues.

Any serious nuclear incident occurring at a NEE or FPL plant could result in substantial remediation costs and other expenses. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear generation facility. An incident at a nuclear facility anywhere in the world also could cause the NRC to impose additional conditions or other requirements on the industry, or on certain types of nuclear generation units, which could increase costs, reduce revenues and result in additional capital expenditures.

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

If any of NEE's or FPL's nuclear generation facilities are not operated for any reason through the life of their respective operating licenses or, in the case of Duane Arnold, through expected shutdown, NEE or FPL may be required to increase depreciation rates, incur impairment charges and accelerate future decommissioning expenditures, any of which could materially adversely affect their 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.

NEE's and FPL's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including, but not limited to, inspections, repairs and certain other modifications as well as to replace equipment. In the event that a scheduled outage lasts longer than anticipated or in the event of an unplanned outage due to, for example, equipment failure, such outages could materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects.

Liquidity, Capital Requirements and Common Stock Risks

Disruptions, uncertainty or volatility in the credit and capital markets, among other factors, may negatively affect NEE's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also

materially adversely affect the results of operations and financial condition of NEE and FPL.

NEE and FPL rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations requirements that are not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those capital and credit markets could increase NEE's and FPL's cost of capital and affect their ability to fund their liquidity and capital needs and to meet their growth objectives. If NEE or FPL is unable to access regularly the capital and credit markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and incur an unfavorable cost of capital, which, in turn, could adversely affect its ability to grow its business, could contribute to lower earnings and reduced financial flexibility, and could have a material adverse effect on its business, financial condition, results of operations and prospects.

Although NEE's competitive energy and certain other subsidiaries have used non-recourse or limited-recourse, project-specific or other financing in the past, market conditions and other factors could adversely affect the future availability of such financing. The inability of NEE's subsidiaries, including, without limitation, NEECH and its subsidiaries, to access the capital and credit markets to provide project-specific or other financing for electric generation or other facilities or acquisitions on favorable terms, whether because of disruptions or volatility in those markets or otherwise, could necessitate additional capital raising or borrowings by NEE and/or NEECH in the future.

The inability of subsidiaries that have existing project-specific or other financing arrangements to meet the requirements of various agreements relating to those financings, as well as actions by third parties or lenders, could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not

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made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral. Such an occurrence also could result in NEE expending additional funds or incurring additional obligations over the shorter term to ensure continuing compliance with project-specific financing arrangements based upon the expectation of improvement in the project's performance or financial returns over the longer term. Any of these actions could materially adversely affect NEE's business, financial condition, results of operations and prospects, as well as the availability or terms of future financings for NEE or its subsidiaries.

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.

The inability of NEE, NEECH and FPL to maintain their current credit ratings could materially adversely affect their ability to raise capital or obtain credit on favorable terms, which, in turn, could impact NEE's and FPL's ability to grow their business and service indebtedness and repay borrowings, and would likely increase their interest costs. In addition, certain agreements and guarantee arrangements would require posting of additional collateral in the event of a ratings downgrade. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, NEE's overall business mix and political, legislative and regulatory actions. There can be no assurance that one or more of the ratings of NEE, NEECH and FPL will not be lowered or withdrawn entirely by a rating agency.

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.

The inability of NEE's, NEECH's and FPL's credit providers to fund their credit commitments or to maintain their current credit ratings could require NEE, NEECH or FPL, among other things, to renegotiate requirements in agreements, find an alternative credit provider with acceptable credit ratings to meet funding requirements, or post cash collateral and could have a material adverse effect on NEE's and FPL's liquidity.

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.

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. A decline in the market value of the assets held in the defined benefit pension plan due to poor investment performance or other factors may increase the funding requirements for this obligation.

NEE's defined benefit pension plan is sensitive to changes in interest rates, since, as interest rates decrease the funding liabilities increase, potentially increasing benefits costs and funding requirements. Any increase in benefits costs or funding requirements may have a material adverse effect on NEE's and FPL's business, financial condition, liquidity, 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.

NEE and FPL are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. A decline in the market value of the assets held in the decommissioning funds due to poor investment performance or other factors may increase the funding requirements for these obligations. Any increase in funding requirements may have a material adverse effect on 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 holds certain investments where changes in the fair value affect NEE's financial results. In some cases there may be no observable market values for these investments, requiring fair value estimates to be based on other valuation techniques. This type of analysis requires significant judgment and the actual values realized in a sale of these investments could differ materially from those estimated. A sale of an investment below previously estimated value, or other decline in the fair value of an investment, could result in losses or the write-off of such investment, and may have a material adverse effect on 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 is a holding company and, as such, has no material operations of its own. Substantially all of NEE's consolidated assets are held by its subsidiaries. NEE's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on its subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds to NEE.

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NEE's subsidiaries are separate legal entities and have no independent obligation to provide NEE with funds for its payment obligations. The subsidiaries have financial obligations, including, but not limited to, payment of debt service, which they must satisfy before they can provide NEE with funds. In addition, in the event of a subsidiary's liquidation or reorganization, NEE's right to participate in a distribution of assets is subject to the prior claims of the subsidiary's creditors.

The dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements and which may be included in future financing agreements. The future enactment of laws or regulations also may prohibit or restrict the ability of NEE's subsidiaries to pay upstream dividends or to repay funds.

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.

NEE guarantees many of the obligations of its consolidated subsidiaries, other than FPL, through guarantee agreements with NEECH. These guarantees may require NEE to provide substantial funds to its subsidiaries or their creditors or counterparties at a time when NEE is in need of liquidity to meet its own financial obligations. Funding such guarantees may materially adversely affect NEE's ability to meet its financial obligations or to pay dividends.

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.

NEE understands that NEP expects, from time to time, to finance acquisitions of clean energy projects partially or wholly through the issuance of additional securities. NEP needs to be able to access the capital markets on commercially reasonable terms when acquisition opportunities arise. NEP's ability to access the capital markets is dependent on, among other factors, the overall state of the capital markets and investor appetite for investment in clean energy projects in general and NEP's securities in particular. An inability to obtain capital markets financing on commercially reasonable terms could significantly limit NEP's ability to consummate future acquisitions and to effectuate its growth strategy.

Furthermore, there may not be sufficient availability under NEP OpCo's subsidiaries' revolving credit facility or other financing arrangements on commercially reasonable terms when acquisition opportunities arise. An inability to obtain the required or desired financing could significantly limit NEP's ability to consummate acquisitions and effectuate its growth strategy. If financing is available, it may be available only on terms that could significantly increase NEP's interest expense, impose additional or more restrictive covenants and reduce cash distributions to its unitholders. NEP's inability to effectively consummate future acquisitions could have a material adverse effect on NEP's ability to grow its business and make cash distributions to its unitholders.

Through an indirect wholly owned subsidiary, NEE owns a limited partner interest in NEP OpCo. NEP's inability to access the capital markets on commercially reasonable terms and effectively consummate future acquisitions could have a material adverse effect on NEP's ability to grow its cash distributions to its common unitholders, including NEE, and on the value of NEE's limited partnership 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.

The market price and trading volume of NEE's common stock are subject to fluctuations as a result of, among other factors, general credit and capital market conditions and changes in market sentiment regarding the operations, business and financing strategies of NEE and its subsidiaries. As a result, disruptions, uncertainty or volatility in the credit and capital markets may, for example, have a material adverse effect on the market price of NEE's common stock.

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Item 1B. Unresolved Staff Comments

None

Item 2. Properties

For a description of NEE's principal properties, see Item 1. Business - FPL and Item 1. Business - NEER.

Character of Ownership

Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL's real property is held in fee and is free from other encumbrances, subject to minor exceptions which are not of a nature as to substantially impair the usefulness to FPL of such properties. Some of FPL's electric lines are located on parcels of land which are not owned in fee by FPL but are covered by necessary consents of governmental authorities or rights obtained from owners of private property. NEER subsidiaries have ownership interests in entities that own generation facilities, pipeline facilities and transmission assets and a number of those facilities and assets are encumbered by liens securing various financings. Additionally, the majority of NEER's generation facilities, pipeline facilities and transmission lines are located on land under easement or leased from owners of private property. See Note 1 - Electric Plant, Depreciation and Amortization.

Item 3. Legal Proceedings

None

Item 4. Mine Safety Disclosures

Not applicable

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PART II

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Data. All of FPL's common stock is owned by NEE. NEE's common stock is traded on the New York Stock Exchange under the symbol "NEE." As of the close of business on January 31, 2019, there were 17,720 holders of record of NEE's common stock. The amount and timing of dividends payable on NEE's common stock are within the sole discretion of NEE's Board of Directors. The Board of Directors reviews the dividend rate at least annually (generally in February) to determine its appropriateness in light of NEE's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions, change in business mix and any other factors the Board of Directors deems relevant. In February 2019, NEE announced that it would increase its quarterly dividend on its common stock from \$1.11 per share to \$1.25 per share.

Issuer Purchases of Equity Securities. Information regarding purchases made by NEE of its common stock during the three months ended December 31, 2018 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)
10/1/18 - 10/31/18	—	—	—	45,000,000
11/1/18 - 11/30/18	457	\$ 179.18	—	45,000,000
12/1/18 - 12/31/18	445	\$ 179.65	—	45,000,000
Total	902	\$ 179.41	—	

- Includes: (1) in November 2018, 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 December 2018, 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 (former LTIP) to an executive officer of deferred retirement share awards.
- (a) In May 2017, NEE's Board of Directors authorized repurchases of up to 45 million shares of common stock over an unspecified period.
- (b)

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Item 6. Selected Financial Data

	Years Ended December 31,				
	2018	2017 ^(a)	2016 ^(a)	2015	2014
SELECTED DATA OF NEE (millions, except per share amounts) ^(b) :					
Operating revenues	\$16,727	\$17,173	\$16,138	\$17,486	\$17,021
Net income ^(c)	\$5,776	\$5,323	\$2,999	\$2,762	\$2,469
Net income attributable to NEE ^{(c)(d)}	\$6,638	\$5,380	\$2,906	\$2,752	\$2,465
Earnings per share attributable to NEE - basic ^{(c)(d)}	\$14.03	\$11.48	\$6.27	\$6.11	\$5.67
Earnings per share attributable to NEE - assuming dilution ^{(c)(d)}	\$13.88	\$11.39	\$6.24	\$6.06	\$5.60
Dividends paid per share of common stock	\$4.44	\$3.93	\$3.48	\$3.08	\$2.90
Total assets ^(e)	\$103,702	\$97,963	\$90,474	\$82,479	\$74,605
Long-term debt, excluding current portion	\$26,782	\$31,410	\$27,765	\$26,681	\$24,044
Capital expenditures, independent power and other investments and nuclear fuel purchases:					
FPL	\$5,135	\$5,291	\$3,934	\$3,633	\$3,241
NEER	7,138	5,375	5,521	4,661	3,701
Corporate and Other	731	74	181	83	75
Total	\$13,004	\$10,740	\$9,636	\$8,377	\$7,017

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

(b) See Note 1 - NextEra Energy Partners, LP for a discussion of the deconsolidation of NEP in January 2018. 2018 includes an after-tax gain of approximately \$3.0 billion related to the deconsolidation of NEP (see Note 1 - NextEra Energy Partners, LP). 2017 includes approximately \$1.8 billion (\$1.9 billion attributable to NEE) of net favorable tax reform impacts (see Note 6). 2017 and 2016 include after-tax gains on sale of the fiber-optic

(c) telecommunications business and natural gas generation facilities of \$685 million and \$219 million, respectively (see Note 1 - Disposal of a Business/Assets). Also, on an after-tax basis, 2017 includes an impairment charge of \$258 million related to Duane Arnold (see Note 5 - Nonrecurring Fair Value Measurements).

2018 reflects approximately \$497 million relating to a reduction of differential membership interests as a result of a (d) change in the federal corporate income tax rate effective January 1, 2018 (see Note 1 - Sales of Differential Membership Interests).

Includes assets held for sale of approximately \$452 million in 2016 related to a fiber-optic telecommunications

(e) business and \$1,009 million in 2015 related to merchant natural gas generation facilities. See Note 1 - Disposal of a Business/Assets.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

NEE's operating performance is driven primarily by the operations of its two principal businesses, FPL, which serves more than five million customer accounts in Florida and is one of the largest electric utilities in the U.S., and NEER, which together with affiliated entities is the world's largest generator of renewable energy from the wind and sun based on 2018 MWh produced on a net generation basis. The table below presents net income (loss) attributable to NEE and earnings (loss) per share attributable to NEE, assuming dilution, by reportable segment, FPL and NEER, 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 16 for additional segment information). The following discussions should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and all comparisons are with the corresponding items in the prior year. Certain 2017 and 2016 amounts have been retrospectively adjusted as discussed in Note 14.

	Net Income (Loss) Attributable to NEE			Earnings (Loss) Per Share Attributable to NEE, Assuming Dilution		
	Years Ended December 31,			Years Ended December 31,		
	2018	2017	2016	2018	2017	2016
	(millions)					
FPL	\$2,171	\$1,880	\$1,727	\$4.55	\$3.98	\$3.71
NEER ^{(a)(b)}	4,664	2,964	1,118	9.75	6.27	2.40
Corporate and Other	(197)	536	61	(0.42)	1.14	0.13
NEE ^(b)	\$6,638	\$5,380	\$2,906	\$13.88	\$11.39	\$6.24

(a) NEER's results reflect an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and differential membership interests sold by NEER's subsidiaries.

(b) NEP was deconsolidated from NEER in January 2018. See Note 1 - NextEra Energy Partners, LP.

For the five years ended December 31, 2018, NEE delivered a total shareholder return of approximately 134.4%, above the S&P 500's 50.3% return, the S&P 500 Utilities' 66.6% return and the Dow Jones U.S. Electricity's 65.4% return. The historical stock performance of NEE's common stock shown in the performance graph below is not necessarily indicative of future stock price performance.

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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 that adjusted earnings provide 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.

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

	Years Ended December 31,		
	2018	2017	2016
	(millions)		
Net losses associated with non-qualifying hedge activity ^(a)	\$(186)	\$ (37)	\$ (92)
Tax reform-related ^(b)	\$436	\$ 1,881	\$ —
NEP investment gains, net ^(c)	\$2,863	\$ —	\$ —
Change in unrealized gains (losses) on NEER's nuclear decommissioning funds and OTTI, net ^(d)	\$(125)	\$ 2	\$ (1)
Merger-related - Corporate and Other ^(e)	\$(14)	\$ (63)	\$ (92)
Operating results of solar projects in Spain - NEER	\$(9)	\$ 5	\$ (11)
Gain on sale of the fiber-optic telecommunications business - Corporate and Other ^(f)	\$—	\$ 685	\$ —
Gains on sale of natural gas generation facilities ^(g)	\$—	\$ —	\$ 219
Duane Arnold impairment charge ^(h)	\$—	\$ (258)	\$ —
Resolution of contingencies related to a previous asset sale - NEER	\$—	\$ —	\$ 5

For 2018, 2017 and 2016, approximately \$40 million of gains, \$46 million of gains and \$233 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized. In 2017, net losses associated with non-qualifying hedge activity were partly offset by approximately \$95 million of tax reform impacts.

For 2018, approximately \$420 million of favorable tax reform-related impacts relates to NEER and the balance relates to Corporate and Other. For 2017, approximately \$1,929 million of net favorable tax reform impacts and \$50 million of net unfavorable tax reform impacts relate to NEER and FPL, respectively; the balance relates to Corporate and Other. See Note 1 - Rate Regulation and - Sales of Differential Membership Interests and Note 6. Approximately \$2,885 million relates to NEER; the balance relates to Corporate and Other. See Note 1 - NextEra Energy Partners, LP and - Disposal of a Business/Assets.

For 2018, 2017 and 2016, approximately \$127 million of losses, \$2 million of gains and \$2 million of losses, respectively, are included in NEER's net income; the balance for 2018 and 2016 is included in Corporate and Other.

(e) See Note 1 - Merger-Related.

(f) See Note 1 - Disposal of a Business/Assets for a discussion of the sale of the fiber-optic telecommunications business.

Approximately \$276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Disposal of a Business/Assets for a discussion of the sale of the natural gas generation facilities.

(h) Approximately \$246 million of the impairment charge is included in NEER's net income; the balance is included in Corporate and Other. See Note 5 - Nonrecurring Fair Value Measurements.

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 4.

2018 Summary

Net income attributable to NEE for 2018 was higher than 2017 by \$1,258 million, or \$2.49 per share, assuming dilution, due to higher results at FPL and NEER, partly offset by lower results at Corporate and Other.

FPL's increase in net income in 2018 was primarily driven by continued investments in plant in service and other property, increased retail rate base under the 2016 rate agreement and the absence of the 2017 net impact of storm restoration costs due to Hurricane Irma discussed below.

NEER's results increased in 2018 primarily reflecting NEP investment gains upon deconsolidation and the absence of the 2017 Duane Arnold impairment charge, and lower income tax expense related to the reduction in the federal corporate income tax rate partly offset by the income tax benefits recognized on revaluing the deferred taxes upon enactment of tax reform in 2017. In 2018, NEER added approximately 1,406 MW of new wind generating capacity, 899 MW of wind repowering generating capacity and 326 MW of solar generating capacity in the U.S. and increased its backlog of contracted renewable development projects. See Note 1 - NextEra Energy Partners, LP for a discussion of the deconsolidation of NEP in January 2018.

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Corporate and Other's results in 2018 decreased primarily reflecting the absence of the 2017 gain on sale of the fiber-optic telecommunications business and unfavorable non-qualifying hedge activity.

NEE and its subsidiaries require funds to support and grow their businesses. These funds are primarily provided by cash flows from operations, borrowings or issuances of short- and long-term debt, proceeds from differential membership investors, sales of assets to NEP or third parties and, from time to time, issuances of equity securities. See Liquidity and Capital Resources - Liquidity.

RESULTS OF OPERATIONS

Net income attributable to NEE for 2018 was \$6.64 billion, compared to \$5.38 billion in 2017 and \$2.91 billion in 2016. In 2018 and 2017, net income attributable to NEE improved due to higher results at FPL and NEER and, in 2017, higher results at Corporate and Other.

In 2017, the enactment of tax reform required NEE and its subsidiaries to, among other things, revalue their deferred income tax assets and liabilities to the new 21% federal corporate income tax rate. See Note 1 - Rate Regulation and Note 6 for further discussion of the impacts of tax reform.

In January 2019, NEE completed the acquisition of Gulf Power, a rate-regulated electric utility engaged in the generation, transmission, distribution and sale of electric energy in northwest Florida. See Note 8 - Gulf Power Company.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2018, 2017 and 2016 was \$2,171 million, \$1,880 million and \$1,727 million, respectively, representing an increase in 2018 of \$291 million and an increase in 2017 of \$153 million. The increases in 2018 and 2017 were primarily driven by higher earnings from investments in plant in service and other property. Such investments grew FPL's average retail rate base by approximately \$3.1 billion and \$3.5 billion in 2018 and 2017, respectively, and reflect, among other things, solar generation additions, ongoing transmission and distribution additions and the replacement of certain gas turbines with high-efficiency, low-emission turbines.

In September 2017, Hurricane Irma passed through Florida causing damage throughout much of FPL's service territory. In December 2017, following the enactment of tax reform, FPL used available reserve amortization to offset nearly all of the write-off of Hurricane Irma storm restoration costs, and FPL plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Note 1 - Rate Regulation.

The use of reserve amortization was permitted under the 2012 rate agreement and continues during the term of the 2016 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Electric Rate Regulation - Base Rates for additional information on the 2016 and 2012 rate agreements. 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. In 2018, FPL recorded the reversal of reserve amortization of approximately \$541 million and in 2017 and 2016, FPL recorded reserve amortization of \$1,250 million and \$13 million, respectively. FPL's regulatory ROE for 2018, 2017 and 2016 was approximately 11.60%, 11.08% and 11.50%, respectively.

During 2018, FPL's operating revenues decreased \$110 million primarily related to approximately \$249 million in lower storm-related revenues and a \$233 million decrease in fuel cost recovery revenues, partly offset by higher retail base revenues of \$393 million. During 2017, FPL's operating revenues increased \$1,077 million primarily related to increases of approximately \$404 million in retail base revenues, \$274 million in storm-related revenues and \$262 million in fuel cost recovery revenues.

Retail Base

FPL's retail base revenues for 2018 and 2017 reflect the 2016 rate agreement and for 2016 reflect the 2012 rate agreement. In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective January 2017 and will remain in effect until at least December 2020, establishes FPL's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allows for retail rate base increases in 2017, 2018 and upon commencement of commercial operations at the Okeechobee Clean Energy Center and certain solar projects. See Item 1. Business - FPL - FPL Regulation - FPL Electric Rate Regulation - Base Rates for additional information on the 2016 rate agreement. In December 2018, several joint petitioners filed with the FPSC a petition regarding FPL's retail rates that were established pursuant to the 2016 rate agreement and the use of reserve amortization and tax reform savings. See Note 1 - Rate Regulation.

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The increase in retail base revenues in 2018 primarily reflects additional revenues of approximately \$209 million related to retail base rates under the 2016 rate agreement and \$106 million related to retail base rate increases associated with the 2018 addition of approximately 600 MW of new solar generation. Retail base revenues increased approximately \$45 million in 2017 through a retail base rate increase associated with the modernized Port Everglades power plant. In addition, the 2017 increase in retail base revenues reflects additional revenues of approximately \$389 million related to new retail base rates under the 2016 rate agreement. In 2018 and 2017, retail base revenues were also impacted by an increase of 0.2% and a decrease of 2.1%, respectively, in the average usage per retail customer and increases of 1.2% and 1.3%, respectively, in the average number of customer accounts. Although the weather in 2018 was less favorable when compared to 2017, usage per retail customer increased. Despite generally favorable weather in 2017 compared to 2016, usage per retail customer declined. Hurricane Irma contributed to the 2017 decrease in retail usage, resulting in a decrease in retail base revenues of approximately \$60 million which represents a 1.0% decrease in retail base revenues. See Note 1 - Rate Regulation.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar and environmental projects and the unamortized balance of the regulatory asset associated with FPL's acquisition of certain generation facilities. See Item 1. Business - FPL - FPL Regulation - FPL Electric Rate Regulation - Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2018 net underrecovery impacting NEE and FPL's operating cash flows was approximately \$209 million and the impact of the 2017 net overrecovery was approximately \$82 million.

The 2018 decrease in fuel cost recovery revenues primarily reflects a lower average fuel factor resulting in lower revenues of approximately \$218 million. The 2017 increase in fuel cost recovery revenues primarily reflects a higher average fuel factor resulting in higher revenues of approximately \$258 million. Storm-related revenues decreased in 2018 primarily as a result of the conclusion in February 2018 of a surcharge related to hurricanes impacting FPL's service territory in 2016. The 2017 increase in storm-related revenues relates 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.

In 2018, 2017 and 2016, cost recovery clauses contributed approximately \$113 million, \$120 million and \$112 million, respectively, to FPL's net income.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

Fuel, purchased power and interchange expense decreased \$291 million and increased \$294 million during 2018 and 2017, respectively. The decrease for 2018 primarily relates to a higher deferral of fuel expense and approximately \$129 million in lower capacity fees. FPL deferred approximately \$176 million and \$11 million of retail fuel costs in 2018 and 2016, respectively, compared with the recognition of approximately \$49 million of deferred retail fuel costs in 2017. The increase for 2017 primarily relates to approximately \$314 million of higher fuel and energy prices.

Storm Restoration Costs

In December 2017, following the enactment of tax reform, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs through a surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Note 1 - Rate Regulation.

Depreciation and Amortization Expense

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

	Years Ended December 31,		
	2018	2017	2016
	(millions)		
Reserve reversal (amortization) recorded under the 2016 and 2012 rate agreements	\$541	\$(1,250)	\$(13)
Other depreciation and amortization recovered under base rates	1,739	1,615	1,366
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	353	575	347
Total	\$2,633	\$940	\$1,700

Depreciation expense increased \$1,693 million and decreased \$760 million during 2018 and 2017, respectively. The increase in 2018 primarily reflects the reversal of reserve amortization in 2018 compared to recording reserve amortization in 2017, partly offset

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by lower storm-recovery cost amortization as a result of the conclusion, in February 2018, of the recovery of restoration costs from hurricanes that impacted FPL's service territory in 2016. The decrease in 2017 primarily reflects approximately \$1,237 million of higher reserve amortization, partly offset by higher depreciation recovered under base rates due to higher rates as a result of the 2016 rate agreement, higher storm-recovery cost amortization related to the recovery of restoration costs from hurricanes that impacted FPL's service territory in 2016 and higher plant in service balances. The reserve amortization, or reversal of such amortization, reflects adjustments to accrued asset removal costs provided under the 2016 and 2012 rate agreements in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) accrued asset removal costs which is reflected in noncurrent regulatory liabilities on the consolidated balance sheets. At December 31, 2018, approximately \$541 million remains in accrued asset removal costs related to reserve amortization.

Taxes Other Than Income Taxes and Other

Taxes other than income taxes and other increased \$103 million in 2017 primarily due to higher franchise and revenue taxes, neither of which impacts net income, as well as higher property taxes reflecting growth in plant in service balances.

Income Taxes

FPL's income taxes for 2018 decreased \$567 million primarily related to the decrease in the federal corporate income tax rate.

NEER: Results of Operations

NEER owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets primarily in the U.S., as well as in Canada and Spain. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities and invests in natural gas, natural gas liquids and oil production and pipeline infrastructure assets. NEER's net income less net income attributable to noncontrolling interests for 2018, 2017 and 2016 was \$4,664 million, \$2,964 million and \$1,118 million, respectively, resulting in an increase in 2018 of \$1,700 million and an increase in 2017 of \$1,846 million. The primary drivers, on an after-tax basis, of these changes are in the following table.

	Increase (Decrease) From Prior Period Years Ended December 31, 2018 2017 (millions)	
New investments ^(a)	\$ (21)	\$ 363
Existing assets ^(a)	46	(54)
Gas infrastructure ^(a)	82	(13)
Customer supply and proprietary power and gas trading ^(b)	28	3
Revaluation of contingent consideration	—	(80)
Interest and other general and administrative expenses ^(c)	(135)	(158)
Income taxes, in 2018 - primarily due to federal corporate income tax rate reduction	214	29
Other	13	55
Change in non-qualifying hedge activity ^(d)	(6)	279
Change in unrealized losses on securities held in nuclear decommissioning funds and OTTI, net	(129)	4

Tax reform-related ^(d)	(1,509)	1,929
NEP investment gains, net ^(d)	2,885	—
Duane Arnold impairment charge ^(d)	246	(246)
Operating results of the solar projects in Spain	(14)	16
Gains on sale of natural gas generation facilities ^(d)	—	(276)
Resolution of contingencies related to a previous asset sale	—	(5)
Increase in net income less net income attributable to noncontrolling interests	\$ 1,700	\$ 1,846

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 (see Note 1 - Electric Plant,

Depreciation and Amortization, - Income Taxes and - Sales of Differential Membership Interests and Note 6), as

(a) well as income tax benefits related to the Canadian tax restructuring, but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results are included in existing assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.

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

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

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

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New Investments

In 2018, results from new investments decreased slightly primarily due to the expected smaller than usual renewable MW additions during 2017 (1,659 MW of wind generating capacity and 326 MW of solar wind generating capacity during or after 2017).

In 2017, results from new investments increased primarily due to higher earnings of approximately \$316 million, including the net effect of deferred income taxes and other benefits associated with ITCs and convertible ITCs, related to the addition of approximately 1,818 MW of wind generating capacity and 1,378 MW of solar generating capacity during or after 2016, and higher earnings of approximately \$44 million related to additional investments in natural gas pipeline projects.

Interest and General and Administrative Expenses

Interest and general and administrative expenses includes interest expense, differential membership interest costs and other corporate general and administrative expenses. In 2018 and 2017, interest and general and administrative expenses reflect higher borrowing costs 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 consolidated statements of income as they relate to NEER.

Operating Revenues

Operating revenues for 2018 decreased \$286 million primarily due to:

- lower revenues of approximately \$718 million related to the deconsolidation of NEP, partly offset by,
- higher revenues of \$193 million from the customer supply and proprietary power and gas trading business,
- favorable unrealized mark-to-market activity of \$115 million from non-qualifying hedges, and
- higher revenues from new investments of \$105 million.

Operating revenues for 2017 increased \$288 million primarily due to:

- higher revenues from new investments of approximately \$318 million,
- lower unrealized mark-to-market losses from non-qualifying hedges (\$71 million for 2017 compared to \$273 million in 2016), and
- higher revenues of \$125 million from the customer supply and proprietary power and gas trading business, partly offset by,
- lower revenues from existing assets of \$291 million primarily reflecting the sale of certain natural gas generation facilities in 2016, and
- lower revenues from the gas infrastructure business of \$89 million.

Operating Expenses - net

Operating expenses - net for 2018 decreased \$728 million primarily due to:

- the absence of approximately \$412 million of operating expenses related to NEP, which is no longer consolidated, and
-

the absence of the Duane Arnold impairment charge of approximately \$420 million (see Note 5 - Nonrecurring Fair Value Measurements),
partly offset by,
higher O&M expense at the gas infrastructure and customer supply and proprietary power and gas trading businesses,
and
higher operating expenses associated with new investments of approximately \$55 million.

Operating expenses - net for 2017 increased \$885 million primarily due to:

the absence of the 2016 gain on the sale of natural gas generation facilities of approximately \$445 million,

the Duane Arnold impairment charge of approximately \$420 million, and

higher operating expenses associated with new investments of approximately \$167 million,

partly offset by,

lower depreciation expense on existing assets of approximately \$98 million primarily related to the change in the estimated useful lives of certain equipment (see Note 1 - Electric Plant, Depreciation and Amortization) and lower depletion rates, and

lower fuel expense of approximately \$85 million primarily related 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 2018 decreased \$220 million primarily reflecting the absence of approximately \$181 million of interest expense related to NEP, which is no longer consolidated, and favorable impacts of \$64 million related to changes in the fair value of interest rate derivative instruments, partly offset by higher borrowing costs to support growth in the business. NEER's interest expense for 2017 increased \$68 million primarily reflecting higher average debt balances reflecting growth in the business.

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Benefits Associated with Differential Membership Interests - net

For 2017 and 2016, benefits associated with differential membership interests - net reflect benefits recognized by NEER as third-party investors received their portion of the economic attributes, including income tax attributes, of the underlying wind and solar projects, net of associated costs. The increase for 2017 primarily relates to additional sales of differential membership interests in 2017 and 2016. For 2018, NEER recognized income related to differential membership interests of approximately \$862 million which, following the adoption of an accounting standards update, is reflected as net loss attributable to noncontrolling interests in the consolidated statements of income. The increase in 2018 primarily relates to an adjustment of approximately \$497 million (\$373 million after tax) related to the decrease in federal corporate income tax rate effective January 1, 2018. See Note 1 - Sales of Differential Membership Interests.

Equity in Earnings of Equity Method Investees

After the deconsolidation of NEP, approximately \$160 million of equity in earnings of NEP was recognized during 2018 as equity in earnings of equity method investees. See Note 1 - NextEra Energy Partners, LP. Equity in earnings of NEP included approximately \$150 million related to a favorable adjustment at NEP to the differential membership interests due to the decrease in the federal corporate income tax rate.

Gain on NEP Deconsolidation

The NEP deconsolidation resulted in a gain of approximately \$3.9 billion (\$3.0 billion after tax) in NEE's consolidated statements of income during 2018. See Note 1 - NextEra Energy Partners, LP.

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

After the adoption of an accounting standards update in 2018, NEER reflects changes in the fair value of equity securities in its nuclear decommissioning funds in NEE's consolidated statements of income. See Note 5 - Financial Instruments Accounting Standards Update. This standards update primarily impacts the equity securities in NEER's special use funds and is expected to result in increased earnings volatility in future periods based on market conditions.

Revaluation of Contingent Consideration

Revaluation of contingent consideration reflects 2016 fair value adjustments to reduce the contingent holdback associated with the acquisition of the Texas pipelines. See Note 5 - Contingent Consideration. Approximately \$65 million of the fair value adjustments was attributable to noncontrolling interests.

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, and were approximately \$88 million, \$132 million and \$120 million in 2018, 2017 and 2016, respectively. ITCs and deferred income taxes associated with convertible ITCs totaled approximately \$131 million, \$236 million and \$150 million in 2018, 2017 and 2016, respectively. A portion of the PTCs and ITCs have been allocated to investors in connection with sales of differential membership interests. PTCs, ITCs and deferred income taxes associated with convertible ITCs can significantly affect the 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. Also, NEE's effective income tax rate was affected by the favorable tax reform impacts in 2017 and the reversal of a noncash income tax charge associated with structuring Canadian assets in 2016. See Note 6.

Net (Income) Loss Attributable to Noncontrolling Interests

For 2018, net loss attributable to noncontrolling interests primarily represents the activity related to the sales of differential membership interests. See Benefits Associated with Differential Membership Interests - net above. For 2017 and 2016, net income attributable to noncontrolling interests primarily represented the income attributable to the noncontrolling ownership interest in NEP. After the deconsolidation of NEP, NEE's earnings from its noncontrolling interest in NEP are included in equity in earnings of equity method investees. See Note 1 - NextEra Energy Partners, LP.

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 differential membership interests sold by NEER's subsidiaries. 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 decreased \$733 million and increased \$475 million during 2018 and 2017, respectively, primarily related to the approximately \$685 million after-tax gain on the sale of the fiber-optic telecommunications business in January 2017. See Note 1 - Disposal of a Business/Assets. In addition, Corporate and Other's results reflect 2018 after-tax losses of approximately \$226 million related to non-qualifying hedge activity compared to 2017 after-tax losses of approximately \$83 million and 2016 after-tax gains of approximately \$141 million. The decreases in 2018 were partially offset by lower merger-related costs.

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In November 2018, a wholly owned subsidiary of NEET entered into an agreement to acquire Trans Bay Cable, LLC. See Note 8 - Trans Bay Cable, LLC.

LIQUIDITY AND CAPITAL RESOURCES

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

In October 2015, NEE authorized a program to purchase, from time to time, up to \$150 million of common units representing limited partner interests in NEP. Under the program, purchases may be made in amounts, at prices and at such times as NEE or its subsidiaries deem appropriate, all subject to market conditions and other considerations. The purchases may be made in the open market or in privately negotiated transactions. Any purchases will be made in such quantities, at such prices, in such manner and on such terms and conditions as determined by NEE or its subsidiaries in their discretion, based on factors such as market and business conditions, applicable legal requirements and other factors. The common unit purchase program does not require NEE to acquire any specific number of common units and may be modified or terminated by NEE at any time. The purpose of the program is not to cause NEP's common units to be delisted from the New York Stock Exchange or to cause the common units to be deregistered with the SEC. As of December 31, 2018, NEE had purchased approximately \$36 million of NEP common units under this program. At December 31, 2018, NEE owned a noncontrolling general partner interest in NEP and beneficially owned approximately 59.9% of NEP's voting power.

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Cash Flows

NEE's sources and uses of cash for 2018, 2017 and 2016 were as follows:

	Years Ended December 31,		
	2018	2017 ^(a)	2016 ^(a)
	(millions)		
Sources of cash:			
Cash flows from operating activities	\$6,593	\$6,458	\$6,369
Long-term borrowings	4,399	8,354	5,657
Proceeds from differential membership investors	1,841	1,414	1,859
Proceeds from sale of the fiber-optic telecommunications business	—	1,454	—
Sale of independent power and other investments of NEER	1,617	178	658
Cash grants under the Recovery Act	3	78	335
Issuances of common stock - net	718	55	537
Net increase in commercial paper and other short-term debt	6,272	1,867	—
Proceeds from sales of noncontrolling interests in NEP	—	—	645
Proceeds from issuance of NEP convertible preferred units - net	—	548	—
Distributions from equity method investees	637	7	—
Other sources - net	120	142	5
Total sources of cash	22,200	20,555	16,065
Uses of cash:			
Capital expenditures, independent power and other investments and nuclear fuel purchases	(13,004)	(10,740)	(9,636)
Retirements of long-term debt	(3,102)	(6,780)	(3,310)
Net decrease in commercial paper and other short-term debt	—	—	(268)
Payments to related parties under a cash sweep and credit support agreement – net	(21)	—	—
Dividends on common stock	(2,101)	(1,845)	(1,612)
Other uses - net	(695)	(762)	(492)
Total uses of cash	(18,923)	(20,127)	(15,318)
Effects of currency translation on cash, cash equivalents and restricted cash	(7)	26	10
Net increase in cash, cash equivalents and restricted cash ^(b)	\$3,270	\$454	\$757

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

(b) 2018 includes cash restricted for the acquisition of Gulf Power on January 1, 2019. See Note 8 - Gulf Power Company.

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. See Note 15 - Commitments for estimated capital expenditures in 2019 through 2023. The following table provides a summary of the major capital investments for 2018, 2017 and 2016.

	Years Ended December 31,		
	2018	2017	2016
	(millions)		
FPL:			
Generation:			

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New	\$976	\$1,198	\$1,128
Existing	1,142	1,285	723
Transmission and distribution	2,456	2,151	1,848
Nuclear fuel	123	117	158
General and other	334	431	331
Other, primarily change in accrued property additions and exclusion of AFUDC - equity	104	109	(254)
Total	5,135	5,291	3,934
NEER:			
Wind	4,093	2,824	2,474
Solar	698	759	1,554
Nuclear, including nuclear fuel	233	220	255
Natural gas pipelines	873	785	853
Other	1,241	787	385
Total	7,138	5,375	5,521
Corporate and Other	731	74	181
Total capital expenditures, independent power and other investments and nuclear fuel purchases	\$13,004	\$10,740	\$9,636

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Liquidity

At December 31, 2018, NEE's total net available liquidity was approximately \$7.0 billion. The table below provides the components of FPL's and NEECH's net available liquidity at December 31, 2018.

	FPL	NEECH	Total	Maturity Date	
				FPL	NEECH
		(millions)			
Bank revolving line of credit facilities ^(a)	\$2,943	\$ 4,997	\$7,940	2019 - 2023	2019 - 2023
Issued letters of credit	(3)	(221)	(224)		
	2,940	4,776	7,716		
Revolving credit facilities	1,000	1,150	2,150	2019 - 2020	2019 - 2021
Borrowings	—	—	—		
	1,000	1,150	2,150		
Letter of credit facilities ^(b)	—	900	900		2020 - 2021
Issued letters of credit	—	(664)	(664)		
	—	236	236		
Subtotal	3,940	6,162	10,102		
Cash and cash equivalents	112	525	637		
Commercial paper and other short-term borrowings					
outstanding ^(c)	(1,256)	(2,458)	(3,714)		
Net available liquidity	\$2,796	\$ 4,229	\$7,025		

Provide for the funding of loans up to \$7,940 million (\$2,943 million for FPL) and the issuance of letters of credit up to \$2,450 million (\$575 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 \$893 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bondholders and not remarketed prior to maturity, as well as, the repayment of approximately \$193 million of floating rate notes in the event an individual noteholder requires repayment prior to maturity. Approximately \$2,389 million of FPL's and \$3,871 million of NEECH's bank revolving line of credit facilities expire in 2023.

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

(c) Excludes short-term borrowings to purchase Gulf Power. See Note 8 - Gulf Power Company.

At December 31, 2018, 66 banks participate in FPL's and NEECH's revolving credit facilities, with no one bank providing more than 8% of the combined revolving credit facilities. European banks provide approximately 24% of the combined revolving credit facilities. Pursuant to a 1998 guarantee agreement, NEE guarantees the payment of NEECH's debt obligations under its revolving credit facilities. In order for FPL or NEECH to borrow or to have letters of credit issued under the terms of their respective revolving credit facilities and, also for NEECH, its letter of credit facilities, FPL, in the case of FPL, and NEE, in the case of NEECH, are required, among other things, to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL and NEECH revolving credit

facilities also contain default and related acceleration provisions relating to, among other things, failure of FPL and NEE, as the case may be, to maintain the respective ratio of funded debt to total capitalization at or below the specified ratio. At December 31, 2018, each of NEE and FPL was in compliance with its required ratio.

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 December 31, 2018, NEE believes that there is no material exposure related to these guarantee arrangements.

NEE subsidiaries issue guarantees related to equity contribution agreements associated with the development, construction and financing of certain power generation facilities, engineering, procurement and construction agreements and equity contributions associated with natural gas pipeline projects under development and construction and a related natural gas transportation agreement. Commitments associated with these activities are included in the contracts table in Note 15.

In addition, at December 31, 2018, NEE subsidiaries had approximately \$5.3 billion in guarantees related to obligations under purchased power agreements, nuclear-related activities, payment obligations related to PTCs, as well as other types of contractual obligations (see Note 8 - Trans Bay Cable, LLC).

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In some instances, subsidiaries of NEE elect to issue guarantees instead of posting other forms of collateral required under certain financing arrangements, as well as for other project-level cash management activities. At December 31, 2018, these guarantees totaled approximately \$651 million and support, among other things, cash management activities, including those related to debt service and O&M service agreements, as well as other specific project financing requirements.

Subsidiaries of NEE also issue guarantees to support customer supply and proprietary power and gas trading activities, including the buying and selling of wholesale and retail energy commodities. At December 31, 2018, 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 December 31, 2018) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled approximately \$812 million.

At December 31, 2018, subsidiaries of NEE also had approximately \$1.3 billion of standby letters of credit and approximately \$329 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. For a discussion of credit rating downgrade triggers, see Credit Ratings below. 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.

Shelf Registration

In July 2018, NEE, NEECH and FPL filed a shelf registration statement with the SEC for an unspecified amount of securities, which became effective upon filing. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. Securities that may be issued under the registration statement include, depending on the registrant, senior debt securities, subordinated debt securities, junior subordinated debentures, first mortgage bonds, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities.

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Contractual Obligations and Estimated Capital Expenditures

NEE's commitments at December 31, 2018 were as follows:

	2019	2020	2021	2022	2023	Thereafter	Total
	(millions)						
Long-term debt, including interest: ^(a)							
FPL ^(b)	\$590	\$520	\$556	\$606	\$1,014	\$18,746	\$22,032
NEER	501	493	491	469	638	4,269	6,861
Corporate and Other	2,530	1,978	3,246	1,150	996	13,342	23,242
Purchase obligations:							
FPL ^(c)	7,165	5,865	6,635	5,675	5,155	11,495	41,990
NEER ^(d)	2,215	390	170	185	105	1,360	4,425
Corporate and Other ^(d)	45	30	15	10	5	—	105
Elimination of FPL's purchase obligations to NEER ^(d)	(111)	(108)	(105)	(102)	(99)	(1,411)	(1,936)
Asset retirement activities: ^(e)							
FPL ^(f)	34	13	25	5	—	8,651	8,728
NEER ^(g)	1	1	—	2	—	12,442	12,446
Other commitments: ^(h)							
FPL	11	11	11	11	6	17	67
NEER ⁽ⁱ⁾	26	26	35	35	34	336	492
Corporate and Other ^(j)	4,471	1	1	1	1	2	4,477
Total	\$17,478	\$9,220	\$11,080	\$8,047	\$7,855	\$69,249	\$122,929

(a) Includes principal, interest, interest rate contracts and payments by NEE under stock purchase contracts.

Variable rate interest was computed using December 31, 2018 rates. See Note 12.

Includes tax exempt bonds of approximately \$9 million in 2020, \$46 million in 2021, \$96 million in 2022, \$15 million in 2023 and \$727 million thereafter that permit individual bondholders to tender the bonds for purchase at any time prior to maturity. In the event bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the tax exempt bonds. As of December 31, 2018, all tax exempt bonds tendered for purchase have been successfully remarketed. Also includes floating rate notes of approximately \$193 million maturing after 2023 that permit individual noteholders to require repayment prior to maturity. FPL's bank revolving line of credit facilities are available to support the purchase of tax exempt bonds and the repayment of floating rate notes.

(c) Represents required minimum payments primarily under long-term fuel transportation contracts and projected capital expenditures through 2023 (see Note 15 - Commitments and - Contracts).

(d) See Note 15 - Contracts.

(e) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

At December 31, 2018, FPL had approximately \$3,987 million in restricted funds for the payment of its portion of (f) future expenditures to decommission the Turkey Point and St. Lucie nuclear units, which are included in NEE's and FPL's special use funds. See Note 13.

At December 31, 2018, NEER had approximately \$1,831 million in restricted funds for the payment of its portion (g) of future expenditures to decommission Seabrook, Duane Arnold and Point Beach nuclear units which are included in NEE's special use funds. See Note 13.

(h) Includes lease payment obligations. See Note 14.

(i)

Includes payments related to the acquisition of certain development rights.

(j) 2019 includes cash consideration required for the acquisition of Gulf Power. See Note 8 - Gulf Power Company.

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Credit Ratings

NEE's liquidity, ability to access credit and capital markets, cost of borrowings and collateral posting requirements under certain agreements is dependent on its and its subsidiaries credit ratings. At February 15, 2019, Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P) and Fitch Ratings, Inc. (Fitch) had assigned the following credit ratings to NEE, FPL and NEECH:

	Moody's ^(a)	S&P ^(a)	Fitch ^(a)
NEE: ^(b)			
Corporate credit rating	Baa1	A-	A-
FPL: ^(b)			
Corporate credit rating	A1	A-	A
First mortgage bonds	Aa2	A	AA-
Senior unsecured notes	A1	A-	A+
Pollution control, solid waste disposal and industrial development revenue bonds ^(c)	VMIG-1/P-1	A-2	F1
Commercial paper	P-1	A-2	F1
NEECH: ^(b)			
Corporate credit rating	Baa1	A-	A-
Debentures	Baa1	BBB+	A-
Junior subordinated debentures	Baa2	BBB	BBB
Commercial paper	P-2	A-2	F2

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

(c) Short-term ratings are presented as all bonds outstanding are currently paying a short-term interest rate. At FPL's election, a portion or all of the bonds may be adjusted to a long-term interest rate.

NEE and its subsidiaries have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the credit facilities noted above, the maintenance of a specific minimum credit rating is not a condition to drawing on these credit facilities.

Commitment fees and interest rates on loans under these credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and borrowings and additional or replacement credit facilities. In addition, a ratings downgrade could result in, among other things, the requirement that NEE subsidiaries post collateral under certain agreements and guarantee arrangements, including, but not limited to, those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and NEECH's credit facilities are available to support these potential requirements.

Covenants

NEE's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of NEE to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its

subsidiaries. For example, FPL pays dividends to NEE in a manner consistent with FPL's long-term targeted capital structure. However, the mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends to NEE and the issuance of additional first mortgage bonds. Additionally, in some circumstances, the mortgage restricts the amount of retained earnings that FPL can use to pay cash dividends on its common stock. The restricted amount may change based on factors set out in the mortgage. Other than this restriction on the payment of common stock dividends, the mortgage does not restrict FPL's use of retained earnings. At December 31, 2018, no retained earnings were restricted by these provisions of the mortgage and, in light of FPL's current financial condition and level of earnings, management does not expect that planned financing activities or dividends would be affected by these limitations.

FPL may issue first mortgage bonds under its mortgage subject to its meeting an adjusted net earnings test set forth in the mortgage, which generally requires adjusted net earnings to be at least twice the annual interest requirements on, or at least 10% of the aggregate principal amount of, FPL's first mortgage bonds including those to be issued and any other non-junior FPL indebtedness. At December 31, 2018, coverage for the 12 months ended December 31, 2018 would have been approximately 8.6 times the annual interest requirements and approximately 4.0 times the aggregate principal requirements. New first mortgage bonds are also limited to an amount equal to the sum of 60% of unfunded property additions after adjustments to offset property retirements, the amount of retired first mortgage bonds or qualified lien bonds and the amount of cash on deposit with the mortgage trustee. At December 31, 2018, FPL could have issued in excess of \$22 billion of additional first mortgage bonds based on the unfunded property additions and retired first mortgage bonds. At December 31, 2018, no cash was deposited with the mortgage trustee for these purposes.

In September 2006, NEE and NEECH executed a Replacement Capital Covenant (as amended, September 2006 RCC) in connection with NEECH's offering of \$350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (Series B junior subordinated debentures). The September 2006 RCC is for the benefit of persons that buy, hold or sell a specified series

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of long-term indebtedness (covered debt) of NEECH (other than the Series B junior subordinated debentures) or, in certain cases, of NEE. NEECH's 3.625% Debentures, Series due June 15, 2023 have been designated as the covered debt under the September 2006 RCC. The September 2006 RCC provides that NEECH may redeem, and NEE or NEECH may purchase, any Series B junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price does not exceed a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the September 2006 RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the Series B junior subordinated debentures at the time of redemption or purchase, which are sold within 365 days prior to the date of the redemption or repurchase of the Series B junior subordinated debentures.

In June 2007, NEE and NEECH executed a Replacement Capital Covenant (as amended, June 2007 RCC) in connection with NEECH's offering of \$400 million principal amount of its Series C Junior Subordinated Debentures due 2067 (Series C junior subordinated debentures). The June 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of NEECH (other than the Series C junior subordinated debentures) or, in certain cases, of NEE. NEECH's 3.625% Debentures, Series due June 15, 2023 have been designated as the covered debt under the June 2007 RCC. The June 2007 RCC provides that NEECH may redeem or purchase, or satisfy, discharge or defease (collectively, defease), and NEE and any majority-owned subsidiary of NEE or NEECH may purchase, any Series C junior subordinated debentures on or before June 15, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 365 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series C junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the June 2007 RCC.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

NEE's significant accounting policies are described in Note 1 to the consolidated financial statements, which were prepared under GAAP. Critical accounting policies are those that NEE believes are both most important to the portrayal of its financial condition and results of operations, and require complex, subjective judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions.

NEE considers the following policies to be the most critical in understanding the judgments that are involved in preparing its consolidated financial statements:

Accounting for Derivatives and Hedging Activities

NEE uses derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated primarily with outstanding and expected future debt issuances and borrowings. 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.

Nature of Accounting Estimates

Accounting pronouncements require the use of fair value accounting if certain conditions are met, which requires significant judgment to measure the fair value of assets and liabilities. This applies not only to traditional financial derivative instruments, but to any contract having the accounting characteristics of a derivative. As a result, significant judgment must be used in applying derivatives accounting guidance to contracts. In the event changes in interpretation occur, it is possible that contracts that currently are excluded from derivatives accounting rules would have to be recorded on the balance sheet at fair value, with changes in the fair value recorded in the statement of income.

Assumptions and Accounting Approach

Derivative instruments, when required to be marked to market, are recorded on the balance sheet at fair value using a combination of market and income approaches. Fair values for some of the longer-term contracts where liquid markets are not available are derived through the use of industry-standard valuation techniques, such as internally developed models which estimate the fair value of a contract by calculating the present value of the difference between the contract price and the forward prices. Forward prices represent the price at which a buyer or seller could contract today to purchase or sell a commodity at a future date. The near-term forward market for electricity is generally liquid and therefore the prices in the early years of the forward curves reflect observable market quotes. However, in the later years, the market is much less liquid and forward price curves must be developed using factors including the forward prices for the commodities used as fuel to generate electricity, the expected system heat rate (which measures the efficiency of power plants in converting fuel to electricity) in the region where the purchase or sale takes place, and a fundamental forecast of expected spot prices based on modeled supply and demand in the region. NEE estimates the fair value of interest rate and foreign currency derivatives using an income approach based on a discounted cash flows valuation technique utilizing the net

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amount of estimated future cash inflows and outflows related to the derivative agreements. The assumptions in these models are critical since any changes therein could have a significant impact on the fair value of the derivative.

At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 4.

In 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 consolidated statements of income.

For interest rate and foreign currency derivative instruments, essentially all changes in the derivatives' fair value are recognized in interest expense and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income. NEE estimates the fair value of these derivatives using an income approach based on a discounted cash flows valuation technique utilizing observable inputs.

Certain derivative transactions at NEER are entered into as economic hedges but the transactions do not meet the requirements for hedge accounting, hedge accounting treatment is not elected or hedge accounting 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. These changes in fair value are reflected in the non-qualifying hedge category in computing adjusted earnings and could be significant to NEER's results because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. For additional information regarding derivative instruments, see Note 4, Overview and Energy Marketing and Trading and Market Risk Sensitivity.

Accounting for Pension Benefits

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. Management believes that, based on actuarial assumptions and the well-funded status of the pension plan, NEE will not be required to make any cash contributions to the qualified pension plan in the near future. The qualified pension plan has a fully funded trust dedicated to providing benefits under the plan. NEE allocates net periodic income associated with the pension plan to its subsidiaries annually using specific criteria.

Nature of Accounting Estimates

For the pension plan, the benefit obligation is the actuarial present value, as of the December 31 measurement date, of all benefits attributed by the pension benefit formula to employee service rendered to that date. The amount of benefit to be paid depends on a number of future events incorporated into the pension benefit formula, including an estimate of the average remaining life of employees/survivors as well as the average years of service rendered. The projected benefit obligation is measured based on assumptions concerning future interest rates and future employee

compensation levels. NEE derives pension income from actuarial calculations based on the plan's provisions and various management assumptions including discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets.

Assumptions and Accounting Approach

Accounting guidance requires recognition of the funded status of the pension plan in the balance sheet, with changes in the funded status recognized in other comprehensive income within shareholders' equity in the year in which the changes occur. Since NEE is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, this accounting guidance is reflected at NEE and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses and prior service costs or credits that are estimated to be allocable to FPL as net periodic (income) cost in future periods and that otherwise would be recorded in AOCI are classified as regulatory assets and liabilities at NEE in accordance with regulatory treatment.

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Net periodic pension income is calculated using a number of actuarial assumptions. Those assumptions for the years ended December 31, 2018, 2017 and 2016 include:

	2018	2017	2016
Discount rate	3.59%	4.09%	4.35%
Salary increase	4.10%	4.10%	4.10%
Expected long-term rate of return, net of investment management fees	7.35%	7.35%	7.35%

In developing these assumptions, NEE evaluated input, including other qualitative and quantitative factors, from its actuaries and consultants, as well as information available in the marketplace. In addition, for the expected long-term rate of return on pension plan assets, NEE considered different models, capital market return assumptions and historical returns for a portfolio with an equity/bond asset mix similar to its pension fund, as well as its pension fund's historical compounded returns. NEE believes that 7.35% is a reasonable long-term rate of return, net of investment management fees, on its pension plan assets. NEE will continue to evaluate all of its actuarial assumptions, including its expected rate of return, at least annually, and will adjust them as appropriate.

NEE utilizes in its determination of pension income a market-related valuation of plan assets. This market-related valuation reduces year-to-year volatility and recognizes investment gains or losses over a five-year period following the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of plan assets and the actual return realized on those plan assets. Since the market-related value of plan assets recognizes gains or losses over a five-year period, the future value of plan assets will be affected as previously deferred gains or losses are recognized. Such gains and losses together with other differences between actual results and the estimates used in the actuarial valuations are deferred and recognized in determining pension income only to the extent they exceed 10% of the greater of projected benefit obligations or the market-related value of plan assets.

The following table illustrates the effect on net periodic pension income of changing the critical actuarial assumptions discussed above, while holding all other assumptions constant:

		Decrease in 2018 Net Periodic Pension Income	
	Change in Assumption	NEE	FPL
		(millions)	
Expected long-term rate of return	(0.5)%	\$(19)	\$(12)
Discount rate	0.5%	\$(2)	\$(1)
Salary increase	0.5%	\$(2)	\$(1)

NEE also utilizes actuarial assumptions about mortality to help estimate obligations of the pension plan. NEE has adopted the latest revised mortality tables and mortality improvement scales released by the Society of Actuaries, which did not have a material impact on the pension plan's obligation.

See Note 3.

Carrying Value of Long-Lived Assets

NEE evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Nature of Accounting Estimates

The amount of future net cash flows, the timing of the cash flows and the determination of an appropriate interest rate all involve estimates and judgments about future events. In particular, the aggregate amount of cash flows determines whether an impairment exists, and the timing of the cash flows is critical in determining fair value. Because each assessment is based on the facts and circumstances associated with each long-lived asset, the effects of changes in assumptions cannot be generalized.

Assumptions and Accounting Approach

An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate. See Note 5 - Nonrecurring Fair Value Measurements.

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Decommissioning and Dismantlement

NEE accounts for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets.

Nature of Accounting Estimates

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and plant dismantlement costs, involves estimating the amount and timing of future expenditures and making judgments concerning whether or not such costs are considered a legal obligation. Estimating the amount and timing of future expenditures includes, among other things, making projections of when assets will be retired and ultimately decommissioned and how costs will escalate with inflation. In addition, NEE also makes interest rate and rate of return projections on its investments in determining recommended funding requirements for nuclear decommissioning costs. Periodically, NEE is required to update these estimates and projections which can affect the annual expense amounts recognized, the liabilities recorded and the annual funding requirements for nuclear decommissioning costs. For example, an increase of 0.25% in the assumed escalation rates for nuclear decommissioning costs would increase NEE's AROs at December 31, 2018 by \$219 million.

Assumptions and Accounting Approach

FPL - For ratemaking purposes, FPL accrues and funds for nuclear plant decommissioning costs over the expected service life of each unit based on studies that are approved by the FPSC. The studies reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units. The most recent studies, filed in 2015, indicate that FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is approximately \$7.5 billion, or \$3.2 billion expressed in 2018 dollars.

FPL accrues the cost of dismantling its fossil and solar plants over the expected service life of each unit based on studies filed with the FPSC. Unlike nuclear decommissioning, dismantlement costs are not funded. The most recent studies became effective January 1, 2017. At December 31, 2018, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately \$1.2 billion, or \$513 million expressed in 2018 dollars. The majority of the dismantlement costs are not considered AROs. FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. Any differences between the ARO amount recorded and the amount recorded for ratemaking purposes are reported as a regulatory liability in accordance with regulatory accounting.

The components of FPL's decommissioning of nuclear plants, dismantlement of plants and other accrued asset removal costs are as follows:

Nuclear Decommissioning	Fossil/Solar Dismantlement	Interim Removal Costs and Other	Total
December 31,	December 31,	December 31,	December 31,

	2018	2017	2018	2017	2018	2017	2018	2017
	(millions)							
AROs	\$2,045	\$1,947	\$ 97	\$ 95	\$6	\$5	\$2,148	\$2,047
Less capitalized ARO asset net of accumulated depreciation	316	335	33	45	1	1	350	381
Accrued asset removal costs ^(a)	319	326	164	162	489	97	972	585
Asset retirement obligation regulatory expense difference ^(a)	2,358	2,565	(3)	7	(3)	(3)	2,352	2,569
Accrued decommissioning, dismantlement and other accrued asset removal costs ^(b)	\$4,406	\$4,503	\$ 225	\$ 219	\$491	\$98	\$5,122	\$4,820

(a) Included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets.

(b) Represents total amount accrued for ratemaking purposes.

NEER - NEER records liabilities for the present value of its expected nuclear plant decommissioning costs which are determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. The liabilities are being accreted using the interest method through the date decommissioning activities are expected to be complete. At December 31, 2018, the AROs for decommissioning of NEER's nuclear plants totaled approximately \$588 million. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately \$10.8 billion, or \$2.1 billion expressed in 2018 dollars.

See Note 1 - Asset Retirement Obligations and - Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 13.

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Regulatory Accounting

Certain of NEE's businesses are subject to rate regulation which results in the recording of regulatory assets and liabilities. See Note 1 - Rate Regulation for a detail of NEE's regulatory assets and liabilities.

Nature of Accounting Estimates

Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process. Regulatory assets and liabilities are included in rate base or otherwise earn (pay) a return on investment during the recovery period.

Assumptions and Accounting Approach

Accounting guidance allows regulators to create assets and impose liabilities that would not be recorded by non-rate regulated entities. If NEE's rate-regulated entities, primarily FPL, were no longer subject to cost-based rate regulation, the existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. In addition, the regulators, including the FPSC for FPL, have the authority to disallow recovery of costs that they consider excessive or imprudently incurred. Such costs may include, among others, fuel and O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable, storm restoration costs and costs associated with the construction or acquisition of new facilities. The continued applicability of regulatory accounting is assessed at each reporting period.

ENERGY MARKETING AND TRADING AND MARKET RISK SENSITIVITY

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

Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements. See Critical Accounting Policies and Estimates - Accounting for Derivatives and Hedging Activities and Note 4.

During 2017 and 2018, the changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments were as follows:

Hedges on Owned Assets			
Trading	Non- Qualifying	FPL Cost Recovery Clauses	NEE Total

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	(millions)			
Fair value of contracts outstanding at December 31, 2016	\$430	\$ 984	\$ 208	\$1,622
Reclassification to realized at settlement of contracts	(248)	(366)	(39)	(653)
Inception value of new contracts	8	2	—	10
Net option premium purchases (issuances)	(85)	5	—	(80)
Changes in fair value excluding reclassification to realized	337	103	(169)	271
Fair value of contracts outstanding at December 31, 2017	442	728	—	1,170
Reclassification to realized at settlement of contracts	(159)	(28)	(6)	(193)
Inception value of new contracts	(3)	(2)	(15)	(20)
Net option premium purchases (issuances)	47	9	—	56
Impact of adoption of new revenue standard	3	(27)	—	(24)
Changes in fair value excluding reclassification to realized	263	114	(20)	357
Fair value of contracts outstanding at December 31, 2018	593	794	(41)	1,346
Net margin cash collateral paid (received)				(189)
Total mark-to-market energy contract net assets (liabilities) at December 31, 2018	\$593	\$ 794	\$ (41)	\$1,157

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NEE's total mark-to-market energy contract net assets (liabilities) at December 31, 2018 shown above are included on the consolidated balance sheets as follows:

	December 31, 2018 (millions)
Current derivative assets	\$ 553
Noncurrent derivative assets	1,287
Current derivative liabilities	(392)
Noncurrent derivative liabilities	(291)
NEE's total mark-to-market energy contract net assets	\$ 1,157

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2018 were as follows:

	Maturity						
	2019	2020	2021	2022	2023	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	\$58	\$(5)	\$11	\$(4)	\$—	\$ —	\$60
Significant other observable inputs	44	61	(1)	(10)	(2)	22	114
Significant unobservable inputs	74	30	31	52	60	172	419
Total	176	86	41	38	58	194	593
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	13	(18)	(5)	—	—	—	(10)
Significant other observable inputs	138	115	82	57	27	(16)	403
Significant unobservable inputs	4	15	26	29	36	291	401
Total	155	112	103	86	63	275	794
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	(4)	—	—	—	—	—	(4)
Significant unobservable inputs	(28)	(9)	—	—	—	—	(37)
Total	(32)	(9)	—	—	—	—	(41)
Total sources of fair value	\$299	\$189	\$144	\$124	\$121	\$ 469	\$1,346

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

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

Trading	Non-Qualifying Hedges and Hedges in FPL Cost Recovery	Total
---------	--	-------

Clauses^(a)

	FPL	NEE	FPL	NEE	FPL	NEE	FPL	NEE
	NEE	FPL	NEE	FPL	NEE	FPL	NEE	FPL
	(millions)							
December 31, 2017	\$—	\$ 7	\$—	\$ 41	\$ 41	\$—	\$ 35	\$ 35
December 31, 2018	\$—	\$ 5	\$—	\$ 47	\$ 48	\$—	\$ 43	\$ 44
Average for the year ended December 31, 2018	\$—	\$ 3	\$—	\$ 36	\$ 36	\$—	\$ 34	\$ 35

-
- (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.

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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:

	December 31, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value ^(a)	Carrying Amount	Estimated Fair Value ^(a)
	(millions)			
NEE:				
Fixed income securities:				
Special use funds	\$1,956	\$1,956	\$1,946	\$1,946
Other investments:				
Debt securities	\$126	\$126	\$136	\$136
Primarily notes receivable	\$54	\$54	\$500	\$680
Long-term debt, including current portion	\$29,498	\$30,043	\$33,134	\$35,447
Interest rate contracts - net unrealized gains (losses)	\$(416)	\$(416)	\$(225)	\$(225)
FPL:				
Fixed income securities - special use funds	\$1,513	\$1,513	\$1,462	\$1,462
Long-term debt, including current portion	\$11,783	\$12,613	\$11,702	\$13,285

(a) See Note 5.

The special use funds of NEE and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NEE's and FPL's nuclear power plants. See Note 1 - Storm Fund and Storm Reserve. 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 regulatory asset or liability accounts based on current regulatory treatment. The changes in fair value of NEE's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary, including any credit losses, which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities.

At December 31, 2018, NEE had interest rate contracts with a notional amount of approximately \$18.2 billion related to outstanding and expected future debt issuances and borrowings, of which \$15.8 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 4.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the fair value of NEE's net liabilities would increase by approximately \$1,784 million (\$589 million for FPL) at December 31, 2018.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE's nuclear decommissioning reserve funds include marketable equity securities carried at their market value of approximately \$3,046 million and \$3,314 million (\$1,850 million and \$2,035 million for FPL) at December 31, 2018 and 2017, respectively. NEE's and FPL's investment strategy for equity securities in their nuclear decommissioning reserve funds emphasizes marketable securities which are broadly diversified. At December 31, 2018, a hypothetical 10% decrease in the prices quoted on stock exchanges, which is a reasonable near-term market change, would result in a \$279 million (\$173 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related regulatory asset or liability accounts based on current regulatory treatment, and for NEE's non-rate regulated operations, a corresponding amount would be recorded in change in unrealized gains (losses) on equity securities held in NEE's nuclear decommissioning funds - net in NEE's consolidated statements of income. See Note 5 - Financial Instruments Accounting Standards Update.

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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 noncash gains and losses arising from derivative instruments with the same counterparty. NEE's policy is to have master netting agreements in place with significant counterparties.

Based on NEE's policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. At December 31, 2018, approximately 92% 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 7A. Quantitative and Qualitative Disclosures About Market Risk

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

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Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NextEra Energy, Inc.'s (NEE) and Florida Power & Light Company's (FPL) management are responsible for establishing and maintaining adequate internal control over financial reporting as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f). The consolidated financial statements, which in part are based on informed judgments and estimates made by management, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

To aid in carrying out this responsibility, we, along with all other members of management, maintain a system of internal accounting control which is established after weighing the cost of such controls against the benefits derived. In the opinion of management, the overall system of internal accounting control provides reasonable assurance that the assets of NEE and FPL and their subsidiaries are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded for the preparation of financial statements. In addition, management believes the overall system of internal accounting control provides reasonable assurance that material errors or irregularities would be prevented or detected on a timely basis by employees in the normal course of their duties. Any system of internal accounting control, no matter how well designed, has inherent limitations, including the possibility that controls can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation and reporting.

The system of internal accounting control is supported by written policies and guidelines, the selection and training of qualified employees, an organizational structure that provides an appropriate division of responsibility and a program of internal auditing. NEE's written policies include a Code of Business Conduct & Ethics that states management's policy on conflicts of interest and ethical conduct. Compliance with the Code of Business Conduct & Ethics is confirmed annually by key personnel.

The Board of Directors pursues its oversight responsibility for financial reporting and accounting through its Audit Committee. This Committee, which is comprised entirely of independent directors, meets regularly with management, the internal auditors and the independent auditors to make inquiries as to the manner in which the responsibilities of each are being discharged. The independent auditors and the internal audit staff have free access to the Committee without management's presence to discuss auditing, internal accounting control and financial reporting matters.

Management assessed the effectiveness of NEE's and FPL's internal control over financial reporting as of December 31, 2018, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the Internal Control - Integrated Framework (2013). Based on this assessment, management believes that NEE's and FPL's internal control over financial reporting was effective as of December 31, 2018.

NEE's and FPL's independent registered public accounting firm, Deloitte & Touche LLP, is engaged to express an opinion on NEE's and FPL's consolidated financial statements and an opinion on NEE's and FPL's internal control over financial reporting. Their reports are based on procedures believed by them to provide a reasonable basis to support such opinions. These reports appear on the following pages.

JAMES L. ROBO

James L. Robo

Chairman, President and Chief Executive Officer of NEE
and Chairman of FPL

JOHN W. KETCHUM

John W. Ketchum

Executive Vice President, Finance and Chief Financial
Officer of NEE and FPL

TERRELL KIRK CREWS, II

Terrell Kirk Crews, II

Vice President, Controller and Chief Accounting Officer
of NEE

ERIC E. SILAGY

Eric E. Silagy

President and Chief Executive Officer of FPL

KEITH FERGUSON

Keith Ferguson

Vice President, Accounting and Controller of FPL

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
NextEra Energy, Inc. and Florida Power & Light Company

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NextEra Energy, Inc. and subsidiaries (NEE) and Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, NEE and FPL maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018 of NEE and FPL and our report dated February 15, 2019 expressed unqualified opinions on those financial statements and included an explanatory paragraph regarding NEE's adoption of a new accounting standard and an emphasis of a matter paragraph regarding NEE deconsolidating NextEra Energy Partners, LP effective January 1, 2018.

Basis for Opinion

NEE's and FPL's management are responsible for maintaining effective internal control over financial reporting and for their assessments of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on NEE's and FPL's internal control over financial reporting based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to NEE and FPL in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audits included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally

accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 15, 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
NextEra Energy, Inc. and Florida Power & Light Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NextEra Energy, Inc. and subsidiaries (NEE) and the separate consolidated balance sheets of Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2018 and 2017, and NEE's and FPL's related consolidated statements of income and of cash flows, NEE's consolidated statements of comprehensive income and of equity, and FPL's consolidated statements of common shareholder's equity, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of NEE and the consolidated financial position of FPL as of December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), NEE's and FPL's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 15, 2019 expressed unqualified opinions on NEE's and FPL's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, NEE has changed its method of accounting for differential membership interests in 2018 due to adoption of accounting standards update 2017-05, Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets: Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets.

Basis for Opinion

These financial statements are the responsibility of NEE's and FPL's management. Our responsibility is to express opinions on NEE's and FPL's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to NEE and FPL in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our

audits provide a reasonable basis for our opinions.

Emphasis of a Matter

As discussed in Note 1 to the consolidated financial statements, NextEra Energy Partners, LP (NEP) was deconsolidated from NEE for financial reporting purposes effective January 1, 2018. Subsequent to deconsolidation, NEE began reflecting its ownership interest in NEP as an equity method investment.

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 15, 2019

We have served as NEE's and FPL's auditor since 1950.

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NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)

	Years Ended December 31,		
	2018	2017 ^(a)	2016 ^(a)
OPERATING REVENUES	\$16,727	\$17,173	\$16,138
OPERATING EXPENSES (INCOME)			
Fuel, purchased power and interchange	3,732	4,071	3,992
Other operations and maintenance	3,330	3,458	3,529
Storm restoration costs	3	1,255	—
Impairment charges	11	446	7
Merger-related	32	69	135
Depreciation and amortization	3,911	2,357	3,120
Losses (gains) on disposal of a business/assets - net	(80)	(1,111)	(447)
Taxes other than income taxes and other - net	1,508	1,455	1,343
Total operating expenses - net	12,447	12,000	11,679
OPERATING INCOME	4,280	5,173	4,459
OTHER INCOME (DEDUCTIONS)			
Interest expense	(1,498)	(1,558)	(1,098)
Benefits associated with differential membership interests - net	—	460	309
Equity in earnings of equity method investees	358	141	148
Allowance for equity funds used during construction	96	92	86
Interest income	51	81	82
Gain on NEP deconsolidation	3,927	—	—
Gains on disposal of investments and other property - net	111	112	40
Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net	(189)	—	—
Revaluation of contingent consideration	—	—	189
Other net periodic benefit income	168	151	144
Other - net	48	11	19
Total other income (deductions) - net	3,072	(510)	(81)
INCOME BEFORE INCOME TAXES	7,352	4,663	4,378
INCOME TAX EXPENSE (BENEFIT)	1,576	(660)	1,379
NET INCOME	5,776	5,323	2,999
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	862	57	(93)
NET INCOME ATTRIBUTABLE TO NEE	\$6,638	\$5,380	\$2,906
Earnings per share attributable to NEE:			
Basic	\$14.03	\$11.48	\$6.27
Assuming dilution	\$13.88	\$11.39	\$6.24
Weighted-average number of common shares outstanding:			
Basic	473.2	468.8	463.1
Assuming dilution	477.0	472.5	465.8

(a) Amounts have been retrospectively adjusted as discussed in Note 14 and Note 3 - Amendments to Presentation of Retirement Benefits.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NEXTERA ENERGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions)

	Years Ended December 31,		
	2018	2017 ^(a)	2016 ^(a)
NET INCOME	\$5,776	\$5,323	\$2,999
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive income (loss) to net income (net of \$8, \$13 and \$32 tax expense, respectively)	26	32	70
Net unrealized gains (losses) on available for sale securities:			
Net unrealized gains (losses) on securities still held (net of \$5 tax benefit, \$94 and \$50 tax expense, respectively)	(12	) 127	69
Reclassification from accumulated other comprehensive income (loss) to net income (net of less than \$1, \$25 and \$13 tax benefit, respectively)	1	(36	) (18
Defined benefit pension and other benefits plans:			
Net unrealized gain (loss) and unrecognized prior service benefit (cost) (net of \$5 tax benefit, \$29 tax expense and \$13 tax benefit, respectively)	(14	) 46	(21
Reclassification from accumulated other comprehensive income (loss) to net income (net of \$1 and \$1 tax benefit, respectively)	(3	) (2	) —
Net unrealized gains (losses) on foreign currency translation (net of \$0, \$1 tax expense and \$2 tax benefit, respectively)	(31	) 23	(5
Other comprehensive income related to equity method investee (net of \$1, \$1 and \$2 tax expense, respectively)	4	2	2
Total other comprehensive income (loss), net of tax	(29	) 192	97
IMPACT OF NEP DECONSOLIDATION (NET OF \$15 TAX EXPENSE)	58	—	—
COMPREHENSIVE INCOME	5,805	5,515	3,096
COMPREHENSIVE (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	862	46	(93
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	\$6,667	\$5,561	\$3,003

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	December 31,	
	2018	2017 ^(a)
PROPERTY, PLANT AND EQUIPMENT		
Electric plant in service and other property	\$81,986	\$85,119
Nuclear fuel	1,740	1,767
Construction work in progress	8,357	6,679
Accumulated depreciation and amortization	(21,749)	(21,276)
Total property, plant and equipment - net (\$10,553 and \$16,485 related to VIEs, respectively)	70,334	72,289
CURRENT ASSETS		
Cash and cash equivalents	638	1,714
Customer receivables, net of allowances of \$10 and \$7, respectively	2,302	2,220
Other receivables	667	517
Materials, supplies and fossil fuel inventory	1,223	1,273
Regulatory assets (\$41 and \$71 related to a VIE, respectively)	448	336
Derivatives	564	489
Other	551	632
Total current assets	6,393	7,181
OTHER ASSETS		
Special use funds	5,886	6,003
Investment in equity method investees	6,748	2,321
Prepaid benefit costs	1,284	1,427
Regulatory assets (\$37 related to a VIE at December 31, 2017)	3,290	2,469
Derivatives	1,355	1,315
Other (\$470 related to a VIE at December 31, 2017)	8,412	4,958
Total other assets	26,975	18,493
TOTAL ASSETS	\$103,702	\$97,963
CAPITALIZATION		
Common stock (\$0.01 par value, authorized shares - 800; outstanding shares - 478 and 471, respectively)	\$5	\$5
Additional paid-in capital	10,490	9,100
Retained earnings	23,837	19,020
Accumulated other comprehensive income (loss)	(188)	111
Total common shareholders' equity	34,144	28,236
Noncontrolling interests (\$3,265 and \$1,011 related to VIEs, respectively)	3,269	1,295
Total equity	37,413	29,531
Redeemable noncontrolling interests	468	—
Long-term debt (\$1,020 and \$5,941 related to VIEs, respectively)	26,782	31,410
Total capitalization	64,663	60,941
CURRENT LIABILITIES		
Commercial paper	2,749	1,687
Other short-term debt	5,465	255
Current portion of long-term debt (\$74 and \$70 related to a VIE, respectively)	2,716	1,673
Accounts payable	2,386	3,235

Customer deposits	445	448
Accrued interest and taxes	477	621
Derivatives	675	364
Accrued construction-related expenditures	1,195	1,033
Regulatory liabilities	325	346
Other	1,130	1,581
Total current liabilities	17,563	11,243
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	3,135	3,031
Deferred income taxes	7,367	5,764
Regulatory liabilities	9,009	8,765
Derivatives	516	535
Deferral related to differential membership interests - VIEs	—	5,403
Other	1,449	2,281
Total other liabilities and deferred credits	21,476	25,779
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 103,702	\$ 97,963

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Years Ended December 31,		
	2018	2017 ^(a)	2016 ^(a)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$5,776	\$5,323	\$2,999
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,911	2,357	3,120
Nuclear fuel and other amortization	236	281	308
Impairment charges	11	446	7
Unrealized losses (gains) on marked to market derivative contracts - net	54	436	(44)
Foreign currency transaction losses (gains)	16	(25)	13
Deferred income taxes	1,463	(882)	1,226
Cost recovery clauses and franchise fees	(225)	82	94
Acquisition of purchased power agreement	(52)	(243)	—
Benefits associated with differential membership interests - net	—	(460)	(309)
Equity in earnings of equity method investees	(358)	(141)	(148)
Distributions of earnings from equity method investees	328	160	102
Gains on disposal of a business, assets and investments - net	(191)	(1,223)	(487)
Gain on NEP deconsolidation	(3,927)	—	—
Recoverable storm-related costs	—	(108)	(223)
Other - net	156	109	(32)
Changes in operating assets and liabilities:			
Current assets	(631)	(333)	(146)
Noncurrent assets	(220)	(60)	(58)
Current liabilities	163	758	(32)
Noncurrent liabilities	83	(19)	(21)
Net cash provided by operating activities	6,593	6,458	6,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL	(5,012)	(5,174)	(3,776)
Independent power and other investments of NEER	(6,994)	(5,295)	(5,396)
Cash grants under the American Recovery and Reinvestment Act of 2009	3	78	335
Nuclear fuel purchases	(267)	(197)	(283)
Other capital expenditures and other investments	(731)	(74)	(181)
Proceeds from sale of the fiber-optic telecommunications business	—	1,454	—
Sale of independent power and other investments of NEER	1,617	178	658
Proceeds from sale or maturity of securities in special use funds and other investments	3,410	3,207	3,776
Purchases of securities in special use funds and other investments	(3,733)	(3,244)	(3,829)
Proceeds from sales of noncontrolling interests in NEP	—	—	645
Distributions from equity method investees	637	7	—
Other - net	120	142	5
Net cash used in investing activities	(10,950)	(8,918)	(8,046)
CASH FLOWS FROM FINANCING ACTIVITIES			

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Issuances of long-term debt	4,399	8,354	5,657
Retirements of long-term debt	(3,102)	(6,780)	(3,310)
Proceeds from differential membership investors	1,841	1,414	1,859
Net change in commercial paper	1,062	1,419	(106)
Proceeds from other short-term debt	5,665	450	500
Repayments of other short-term debt	(455)	(2)	(662)
Payments to related parties under a cash sweep and credit support agreement – net	(21)	—	—
Issuances of common stock - net	718	55	537
Proceeds from issuance of NEP convertible preferred units - net	—	548	—
Dividends on common stock	(2,101)	(1,845)	(1,612)
Other - net	(372)	(725)	(439)
Net cash provided by financing activities	7,634	2,888	2,424
Effects of currency translation on cash, cash equivalents and restricted cash	(7)	26	10
Net increase in cash, cash equivalents and restricted cash	3,270	454	757
Cash, cash equivalents and restricted cash at beginning of year	1,983	1,529	772
Cash, cash equivalents and restricted cash at end of year	\$5,253	\$1,983	\$1,529
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	\$1,209	\$1,186	\$1,194
Cash paid for income taxes - net	\$200	\$142	\$91
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	\$2,138	\$3,029	\$3,626
Increase (decrease) in property, plant and equipment - net as a result of cash grants primarily under the American Recovery and Reinvestment Act of 2009	\$—	\$(154)	\$419
Increase in property, plant and equipment - net as a result of a settlement/noncash exchange	\$(5)	\$(108)	\$(72)
Proceeds from differential membership investors used to reduce debt	\$—	\$—	\$100

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Common Stock Shares	Aggregate Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings ^(a)	Total Common Shareholders' Equity ^(a)	Non- controlling Interests ^(a)	Total Equity ^(a)
Balances, December 31, 2015	461	\$ 5	\$8,596	\$ (167)	\$ 14,140	\$ 22,574	\$ 538	\$23,112
Net income	—	—	—	—	2,906	2,906	93	
Issuances of common stock, net of issuance cost of less than \$1	6	—	527	—	—	527	—	
Share-based payment activity	1	—	135	—	—	135	—	
Dividends on common stock ^(b)	—	—	—	—	(1,612)	(1,612)	—	
Other comprehensive income	—	—	—	97	—	97	—	
Premium on equity units	—	—	(200)	—	—	(200)	—	
Sale of NEER assets to NEP	—	—	—	—	—	—	433	
Adoption of accounting standards update ^(a)	—	—	—	—	32	32	1	
Other	—	—	(110)	—	18	(92)	(74)	
Balances, December 31, 2016	468	5	8,948	(70)	15,484	24,367	991	\$25,358
Net income (loss)	—	—	—	—	5,380	5,380	(57)	
Issuances of common stock, net of issuance cost of less than \$1	2	—	33	—	—	33	—	
Share-based payment activity	1	—	122	—	—	122	—	
Dividends on common stock ^(b)	—	—	—	—	(1,845)	(1,845)	—	
Other comprehensive income	—	—	—	181	—	181	11	
Sale of NEER assets to NEP	—	—	—	—	—	—	460	
Other	—	—	(3)	—	1	(2)	(110)	
Balances, December 31, 2017	471	5	9,100	111	19,020	28,236	1,295	\$29,531
Net income (loss)	—	—	—	—	6,638	6,638	(862)	
Issuances of common stock, net of issuance cost of less than \$1	6	—	700	—	—	700	—	
Share-based payment activity	1	—	121	—	—	121	—	
Dividends on common stock ^(b)	—	—	—	—	(2,101)	(2,101)	—	
Other comprehensive loss	—	—	—	(29)	—	(29)	—	
Impact of NEP deconsolidation ^(c)	—	—	—	58	—	58	(2,700)	
Sales of differential membership interests to NEP	—	—	—	—	—	—	(941)	
Adoption of accounting standards updates ^(d)	—	—	590	(328)	280	542	5,303	
Differential membership interests activity	—	—	(21)	—	—	(21)	1,243	
Other	—	—	—	—	—	—	(69)	
Balances, December 31, 2018	478	\$ 5	\$10,490	\$ (188)	\$23,837	\$34,144	\$3,269	\$37,413

- (a) Prior period amounts have been retrospectively adjusted as discussed in Note 14.
- (b) Dividends per share were \$4.44, \$3.93 and \$3.48 for the years ended December 31, 2018, 2017 and 2016, respectively.
- (c) See Note 1 - NextEra Energy Partners, LP.
- (d) See Note 1 - NextEra Energy Partners, LP and - Sales of Differential Membership Interests, Note 2, Note 5 - Financial Instruments Accounting Standards Update and Note 6.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Years Ended December 31,		
	2018	2017 ^(a)	2016 ^(a)
OPERATING REVENUES	\$11,862	\$11,972	\$10,895
OPERATING EXPENSES (INCOME)			
Fuel, purchased power and interchange	3,250	3,541	3,247
Other operations and maintenance	1,514	1,554	1,598
Storm restoration costs	3	1,255	—
Depreciation and amortization	2,633	940	1,700
Taxes other than income taxes and other - net	1,308	1,292	1,189
Total operating expenses - net	8,708	8,582	7,734
OPERATING INCOME	3,154	3,390	3,161
OTHER INCOME (DEDUCTIONS)			
Interest expense	(541	) (481	) (459
Allowance for equity funds used during construction	90	79	74
Other - net	7	(2	) 2
Total other deductions - net	(444	) (404	) (383
INCOME BEFORE INCOME TAXES	2,710	2,986	2,778
INCOME TAXES	539	1,106	1,051
NET INCOME ^(b)	\$2,171	\$1,880	\$1,727

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

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

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	December 31,	
	2018	2017 ^(a)
ELECTRIC UTILITY PLANT AND OTHER PROPERTY		
Plant in service and other property	\$49,640	\$47,100
Nuclear fuel	1,189	1,192
Construction work in progress	3,888	3,623
Accumulated depreciation and amortization	(13,218)	(12,791)
Total electric utility plant and other property - net	41,499	39,124
CURRENT ASSETS		
Cash and cash equivalents	112	33
Customer receivables, net of allowances of \$3 and \$2, respectively	1,026	1,073
Other receivables	284	160
Materials, supplies and fossil fuel inventory	670	840
Regulatory assets (\$41 and \$71 related to a VIE, respectively)	447	335
Other	239	243
Total current assets	2,778	2,684
OTHER ASSETS		
Special use funds	4,056	4,090
Prepaid benefit costs	1,407	1,351
Regulatory assets (\$37 related to a VIE at December 31, 2017)	2,843	2,249
Other	901	756
Total other assets	9,207	8,446
TOTAL ASSETS	\$53,484	\$50,254
CAPITALIZATION		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	\$1,373	\$1,373
Additional paid-in capital	10,601	8,291
Retained earnings	9,040	7,376
Total common shareholder's equity	21,014	17,040
Long-term debt (\$74 related to a VIE at December 31, 2017)	11,688	11,187
Total capitalization	32,702	28,227
CURRENT LIABILITIES		
Commercial paper	1,256	1,687
Other short-term debt	—	250
Current portion of long-term debt (\$74 and \$70 related to a VIE, respectively)	95	464
Accounts payable	731	893
Customer deposits	442	445
Accrued interest and taxes	376	438
Accrued construction-related expenditures	323	300
Regulatory liabilities	310	333
Other	543	993
Total current liabilities	4,076	5,803
OTHER LIABILITIES AND DEFERRED CREDITS		

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Asset retirement obligations	2,147	2,047
Deferred income taxes	5,165	5,005
Regulatory liabilities	8,886	8,642
Other	508	530
Total other liabilities and deferred credits	16,706	16,224
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	\$53,484	\$50,254

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Years Ended December 31,		
	2018	2017 ^(a)	2016 ^(a)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$2,171	\$1,880	\$1,727
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,633	940	1,700
Nuclear fuel and other amortization	144	159	220
Deferred income taxes	180	905	932
Cost recovery clauses and franchise fees	(225)	82	94
Acquisition of purchased power agreement	(52)	(243)	—
Recoverable storm-related costs	—	(108)	(223)
Other - net	7	(139)	42
Changes in operating assets and liabilities:			
Current assets	97	(190)	25
Noncurrent assets	(64)	(37)	(31)
Current liabilities	(509)	699	14
Noncurrent liabilities	40	(32)	(86)
Net cash provided by operating activities	4,422	3,916	4,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(5,012)	(5,174)	(3,776)
Nuclear fuel purchases	(123)	(117)	(158)
Proceeds from sale or maturity of securities in special use funds	2,232	1,986	2,495
Purchases of securities in special use funds	(2,402)	(2,082)	(2,506)
Other - net	239	18	28
Net cash used in investing activities	(5,066)	(5,369)	(3,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	1,748	1,961	309
Retirements of long-term debt	(1,591)	(882)	(262)
Net change in commercial paper	(431)	1,419	212
Proceeds from other short-term debt	—	450	500
Repayments of other short-term debt	(250)	(2)	(450)
Capital contributions from NEE	1,785	—	600
Dividends to NEE	(500)	(1,450)	(1,300)
Other - net	(37)	(22)	(51)
Net cash provided by (used in) financing activities	724	1,474	(442)
Net increase in cash, cash equivalents and restricted cash	80	21	55
Cash, cash equivalents and restricted cash at beginning of year	174	153	98
Cash, cash equivalents and restricted cash at end of year	\$254	\$174	\$153
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	\$520	\$473	\$435
Cash paid for income taxes - net	\$415	\$2	\$147

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING
ACTIVITIES

Accrued property additions	\$549	\$668	\$664
Increase in electric utility plant and other property - net as a result of a noncash exchange	\$(5)	\$(112)	\$—
NEE's noncash contribution of a consolidated subsidiary - net	\$526	\$—	\$—

(a) Amounts have been retrospectively adjusted as discussed in Note 14.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 2015	\$ 1,373	\$ 7,733	\$ 6,447	\$ 15,553
Net income	—	—	1,727	
Capital contributions from NEE	—	600	—	
Dividends to NEE	—	—	(1,300)	
Other	—	(1)	1	
Balances, December 31, 2016	1,373	8,332	6,875	\$ 16,580
Net income	—	—	1,880	
Dividends to NEE	—	—	(1,450)	
Other	—	(41)	71	
Balances, December 31, 2017	1,373	8,291	7,376	\$ 17,040
Net income	—	—	2,171	
Capital contributions from NEE	—	1,785	—	
Dividends to NEE	—	—	(500)	
NEE's contribution of a consolidated subsidiary	—	526	—	
Other	—	(1)	(7)	
Balances, December 31, 2018	\$ 1,373	\$ 10,601	\$ 9,040	\$ 21,014

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2018, 2017 and 2016

1. Summary of Significant Accounting and Reporting Policies

Basis of Presentation - The operations of NextEra Energy, Inc. (NEE) are conducted primarily through Florida Power & Light Company (FPL), a wholly owned subsidiary, and NextEra Energy Resources, LLC (NEER), a wholly owned indirect subsidiary. FPL's principal business is a rate-regulated electric utility which supplies electric service to more than five million customer accounts throughout most of the east and lower west coasts of Florida. NEER invests in independent power projects through both controlled and consolidated entities and noncontrolling ownership interests in joint ventures. NEER also participates in natural gas, natural gas liquids and oil production primarily through non-operating ownership interests and in pipeline infrastructure through either wholly owned subsidiaries or noncontrolling or joint venture interests.

The consolidated financial statements of NEE and FPL include the accounts of their respective controlled subsidiaries. They also include NEE's and FPL's share of the undivided interest in certain assets, liabilities, revenues and expenses. Amounts representing NEE's interest in entities it does not control, but over which it exercises significant influence, are included in investment in equity method investees; the net income of these entities is included in equity in earnings of equity method investees. Intercompany balances and transactions have been eliminated in consolidation. Certain amounts included in prior years' consolidated financial statements have been reclassified to conform to the current year's presentation. In addition, certain prior year amounts have been retrospectively adjusted as discussed in Note 14 and Note 3 - Amendments to Presentation of Retirement Benefits. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Effective January 1, 2018, NEE and FPL adopted an accounting standards update regarding the accounting for partial sales of nonfinancial assets using the modified retrospective approach, resulting in cumulative effects being recognized on January 1, 2018. This standards update affects 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 NextEra Energy Partners, LP (NEP). See NextEra Energy Partners, LP for a discussion of sales of NEER assets to indirect subsidiaries of NEP and Sales of Differential Membership Interests below. The adoption of this standards update did not have an impact on FPL. Also, see NextEra Energy Partners, LP below for a discussion of the deconsolidation of NEP in January 2018.

NextEra Energy Partners, LP - NEP was formed in 2014 to acquire, manage and own contracted clean energy projects with stable long-term cash flows through a limited partner interest in NextEra Energy Operating Partners, LP (NEP OpCo). NEP owns or has an interest in a portfolio of wind and solar projects and a portfolio of seven long-term contracted natural gas pipeline assets located in Texas. NEP was deconsolidated from NEE for financial reporting purposes in January 2018 as a result of changes made to NEP's governance structure during 2017 that, among other things, enhanced NEP common unitholder governance rights. The new governance structure established a NEP board of directors whereby NEP unitholders have the ability to nominate and elect board members, subject to certain limitations and requirements, which elected board members commenced service in January 2018. Subsequent to deconsolidation, NEE owns a noncontrolling interest in NEP and began reflecting its ownership interest in NEP as an equity method investment with its earnings from NEP as equity in earnings of equity method investees and accounting for NEER's assets sales to NEP as third-party sales in its consolidated financial statements. NEER continues to operate

the projects owned by NEP and provide services to NEP under various related party operations and maintenance, administrative and management services agreements.

In connection with the deconsolidation, NEE recorded an initial investment in NEP of approximately \$4.4 billion based on the fair value of NEP OpCo and NEP common units that were held by subsidiaries of NEE on the deconsolidation date, which investment is included in the investment in equity method investees on NEE's consolidated balance sheet at December 31, 2018. See Note 10. The fair value was based on the market price of NEP common units as of January 1, 2018, which resulted in NEE recording a gain of approximately \$3.9 billion (\$3.0 billion after tax) for the year ended December 31, 2018. Total assets of approximately \$7.8 billion, primarily property, plant and equipment, total liabilities of approximately \$4.8 billion, primarily long-term debt, and total noncontrolling interests of approximately \$2.7 billion were removed from NEE's balance sheet as part of the deconsolidation.

Prior to the deconsolidation, NEE owned a controlling general partner interest in NEP and consolidated NEP for financial reporting purposes. NEE presented its limited partner interests in NEP as a noncontrolling interest in NEE's consolidated financial statements. NEE's partnership interest in NEP OpCo's operating projects based on the number of outstanding NEP OpCo common units was approximately 65.1% and 65.2% at December 31, 2017 and 2016, respectively. Certain equity and asset transactions between NEP, NEER and NEP OpCo involve the exchange of cash, energy projects and ownership interests in NEP OpCo. These exchanges were previously accounted for under the profit sharing method and resulted in a profit sharing liability, net of amortization, of approximately \$862 million at December 31, 2017, which is reflected in noncurrent other liabilities on NEE's consolidated balance sheets. In 2016 and 2017, a portion of the profit sharing liability was amortized into income on a straight-line basis over the estimated useful lives of the underlying energy projects held by NEP OpCo. Accordingly, the profit sharing liability amortization totaled approximately \$28 million and \$37 million during 2017 and 2016 and is included in taxes other than income taxes and other - net in NEE's consolidated statements of income. Upon adoption of the accounting standards update regarding the accounting for partial sales of nonfinancial assets as discussed in Basis of Presentation above, the profit sharing liability was eliminated and NEE recorded

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

an increase to additional paid-in capital of approximately \$839 million (\$649 million after tax) and a reduction to retained earnings of approximately \$52 million (\$69 million pretax) on January 1, 2018. Due to the deconsolidation of NEP, the previous accounting guidance would not have had an impact on NEE's 2018 financial statements, but rather the profit sharing liability would have increased the gain on NEP deconsolidation.

Operating Revenues - FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers as further discussed in Note 2, as well as, at NEER, derivative and lease transactions. FPL's operating revenues include amounts resulting from base rates, cost recovery clauses (see Rate Regulation below), franchise fees, gross receipts taxes and surcharges related to storms (see Storm Fund and Storm Reserve below). Franchise fees and gross receipts taxes are imposed on FPL; however, the Florida Public Service Commission (FPSC) allows FPL to include in the amounts charged to customers the amount of the gross receipts tax for all customers and the franchise fee for those customers located in the jurisdiction that imposes the amount. Accordingly, franchise fees and gross receipts taxes are reported gross in operating revenues and taxes other than income taxes and other in NEE's and FPL's consolidated statements of income and were approximately \$738 million, \$767 million and \$700 million in 2018, 2017 and 2016, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on NEE's and FPL's consolidated balance sheets. Certain NEER commodity contracts for the purchase and sale of power that meet the definition of a derivative are recorded at fair value with subsequent changes in fair value recognized as revenue. See Energy Trading below and Note 4.

Rate Regulation - FPL is subject to rate regulation by the FPSC and the Federal Energy Regulatory Commission (FERC). Its rates are designed to recover the cost of providing service to its customers including a reasonable rate of return on invested capital. As a result of this cost-based regulation, FPL follows the accounting guidance that allows regulators to create assets and impose liabilities that would not be recorded by non-rate regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process.

NEE's and FPL's regulatory assets and liabilities are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2018	2017	2018	2017
	(millions)			
Regulatory assets:				
Current:				
Acquisition of purchased power agreements	\$ 165	\$ 165	\$ 165	\$ 165
Deferred clause and franchise expenses	146	10	\$ 146	\$ 10
Other	137	161	136	160
Total	\$ 448	\$ 336	\$ 447	\$ 335
Noncurrent:				
Acquisition of purchased power agreements	\$ 798	\$ 963	\$ 798	\$ 963
Other	2,492	1,506	2,045	1,286
Total	\$ 3,290	\$ 2,469	\$ 2,843	\$ 2,249
Regulatory liabilities:				
Current:				

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Deferred clause revenues	\$265	\$296	\$265	\$296
Other	60	50	45	37
Total	\$325	\$346	\$310	\$333
Noncurrent:				
Asset retirement obligation regulatory expense difference	\$2,352	\$2,569	\$2,352	\$2,569
Deferred taxes	4,815	4,981	4,736	4,903
Other	1,842	1,215	1,798	1,170
Total	\$9,009	\$8,765	\$8,886	\$8,642

Cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets allowed to be recovered through various clauses, include substantially all fuel, purchased power and interchange expense, certain costs associated with the acquisition of several electric generation facilities, certain construction-related costs for certain of FPL's solar generation facilities, and conservation and certain environmental-related costs. Revenues from cost recovery clauses are recorded when billed; FPL achieves matching of costs and related revenues by deferring the net underrecovery or overrecovery. Any underrecovered costs or overrecovered revenues are collected from or returned to customers in subsequent periods.

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At December 31, 2018 and 2017, FPL had regulatory assets, net of amortization, of approximately \$963 million and \$1,128 million, respectively, (included in current and noncurrent regulatory assets on NEE's and FPL's consolidated balance sheets) related to acquisitions during 2015, 2017 and 2018 associated with three coal-fired electric generation facilities located in Florida with which FPL had long-term purchased power agreements. The majority of these regulatory assets are being amortized over approximately nine years. Two of the three facilities have been retired and FPL has reduced the third facility's operations with the intention of phasing the facility out of service.

In 2018, FPL early retired three of its generation facilities. As a result of the retirements, FPL reclassified the net book value of these units (approximately \$875 million) from plant in service and other property to current and noncurrent regulatory assets. Recovery of \$729 million of these regulatory assets has been deferred until FPL's base rates are next reset in a general base rate proceeding. The remainder of these regulatory assets will be amortized over 15 years. At December 31, 2018, the regulatory assets, net of amortization, totaled approximately \$870 million and are included in current and noncurrent regulatory assets on NEE's and FPL's consolidated balance sheets. Additionally, other regulatory assets and liabilities are discussed within various subsections in Note 1 below.

If FPL were no longer subject to cost-based rate regulation, the existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. In addition, the FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. The continued applicability of regulatory accounting is assessed at each reporting period.

FPL Rates Effective January 2017 through December 2020 - In December 2016, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). Key elements of the 2016 rate agreement, which is effective from January 2017 through at least December 2020, include, among other things, the following:

New retail base rates and charges were established resulting in the following increases in annualized retail base revenues:

\$400 million beginning January 1, 2017;

\$211 million beginning January 1, 2018; and

\$200 million when a new approximately 1,750 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida achieves commercial operation, which is expected to occur in mid-2019.

In addition, FPL is eligible to receive, subject to conditions specified in the 2016 rate agreement, base rate increases associated with the addition of up to 300 MW annually of new solar generation in each of 2017 through 2020 and may carry forward any unused MW to subsequent years during the term of the 2016 rate agreement. To date, approximately 900 MW of new solar generating capacity has become operational, 600 MW during the first quarter of 2018 and 300 MW during the first quarter of 2019. An additional 300 MW is expected to be operational in 2020. FPL will be required to demonstrate that any proposed solar facilities are cost effective and scheduled to be in service before December 31, 2021. FPL has agreed to an installed cost cap of \$1,750 per kilowatt (kW).

FPL's allowed regulatory return on common equity (ROE) is 10.55%, with a range of 9.60% to 11.60%. If FPL's earned regulatory ROE falls below 9.60%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.60%, any party other than FPL may seek a review of FPL's retail base rates.

Subject to certain conditions, FPL may amortize, over the term of the 2016 rate agreement, up to \$1.0 billion of depreciation reserve surplus plus the reserve amount that remained under FPL's 2012 rate agreement discussed below (approximately \$250 million), provided that in any year of the 2016 rate agreement FPL must amortize at least enough reserve to maintain a 9.60% earned regulatory ROE but may not amortize any reserve that would result in an

earned regulatory ROE in excess of 11.60%.

Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that could produce a surcharge of no more than \$4 for every 1,000 kilowatt-hour (kWh) of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed \$800 million in any given calendar year, FPL may request an increase to the \$4 surcharge to recover amounts above \$400 million. See Storm Fund and Storm Reserve below.

FPL was impacted by Hurricane Irma in September 2017 which resulted in damage throughout much of FPL's service territory. Damage to FPL property from the hurricane was primarily limited to the transmission and distribution systems. In December 2017, following the enactment of the Tax Cuts and Jobs Act (tax reform) as further discussed in Note 6, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs of approximately \$1.3 billion through a storm surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off in December 2017 as storm restoration costs in NEE's and FPL's consolidated statements of income. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. In February 2018, the FPSC opened separate dockets for FPL and several other utilities in Florida to address the impacts of tax reform.

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In December 2018, the State of Florida Office of Public Counsel (OPC), the Florida Retail Federation (FRF) and the Florida Industrial Power Users Group (collectively, joint petitioners) filed with the FPSC a petition regarding FPL's retail rates that were established pursuant to the 2016 rate agreement. The joint petitioners assert that FPL may not continue to use the reserve amortization mechanism and, based on that assertion, they request, among other things, that FPL refund up to \$736.8 million annually related to cost savings created by tax reform and that new permanent base rates be established for FPL to reflect the tax cost savings associated with tax reform and other factors, including a lower regulatory ROE of 9.6% and a lower equity ratio of 55.0%. FPL believes that the actions it took as a result of tax reform are in accordance with the 2016 rate agreement and that the petition is a violation of the 2016 rate agreement on the part of the OPC and FRF who were signatories to that agreement.

Oral argument in the tax reform docket is expected to be held in April 2019. An FPSC decision regarding the amount of tax savings and whether FPL may continue to use the reserve amortization mechanism is expected by mid-May 2019.

FPL Rates Effective January 2013 through December 2016 - Effective January 2013, pursuant to an FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement), new retail base rates and charges for FPL were established resulting in an increase in retail base revenues of \$350 million on an annualized basis. The 2012 rate agreement, provided for, among other things, the following:

- a regulatory ROE of 10.50% with a range of plus or minus 100 basis points;
- an increase in annualized base revenue requirements as each of three FPL modernized power plants became operational in April 2013, April 2014 and April 2016;
- the continuation of cost recovery through the capacity cost recovery clause (capacity clause) (reported as retail base revenues) for a generating unit which was placed in service in May 2011 (beginning January 2017, under the 2016 rate agreement, cost recovery is through base rates);
- subject to certain conditions, the right to reduce depreciation expense up to \$400 million (reserve), provided that in any year of the 2012 rate agreement, FPL was required to amortize enough reserve to maintain an earned regulatory ROE within the range of 9.50% to 11.50% (the reserve amount was reduced by \$30 million to up to \$370 million as a result of a settlement in August 2015 related to the acquisition of a 250 MW coal-fired generation facility located in Jacksonville, Florida, which FPL retired in December 2016);
- an interim cost recovery mechanism for storm restoration costs (see Storm Fund and Storm Reserve below); and
- an incentive mechanism whereby customers receive 100% of certain gains, including but not limited to, gains from the purchase and sale of electricity and natural gas (including transportation and storage), up to a specified threshold; gains exceeding that specified threshold were shared by FPL and its customers.

Electric Plant, Depreciation and Amortization - The cost of additions to units of property of FPL and NEER is added to electric plant in service and other property. In accordance with regulatory accounting, the cost of FPL's units of utility property retired, less estimated net salvage value, is charged to accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of utility property are charged to other operations and maintenance (O&M) expenses. At December 31, 2018, the electric generation, transmission, distribution and general facilities of FPL represented approximately 46%, 12%, 36% and 6%, respectively, of FPL's gross investment in electric utility plant in service and other property. Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. A number of NEER's generation and pipeline facilities are encumbered by liens securing various financings. The net book value of NEER's assets serving as collateral was approximately \$9.1 billion at December 31, 2018. The American Recovery

and Reinvestment Act of 2009, as amended (Recovery Act), provided for an option to elect a cash grant (convertible investment tax credits (ITCs)) for certain renewable energy property (renewable property). Convertible ITCs are recorded as a reduction in property, plant and equipment on NEE's and FPL's consolidated balance sheets and are amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. At December 31, 2018 and 2017, convertible ITCs, net of amortization, were approximately \$1.2 billion (\$134 million at FPL) and \$1.9 billion (\$140 million at FPL). At December 31, 2018 and 2017, approximately \$138 million of such convertible ITCs are included primarily in other receivables on NEE's consolidated balance sheets.

Depreciation of FPL's electric property is primarily provided on a straight-line average remaining life basis. FPL includes in depreciation expense a provision for fossil and solar plant dismantlement, interim asset removal costs, accretion related to asset retirement obligations (see Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below), storm recovery amortization and amortization of pre-construction costs associated with planned nuclear units recovered through a cost recovery clause. For substantially all of FPL's property, depreciation studies are typically performed and filed with the FPSC every four years. As part of the 2016 rate agreement, the FPSC approved new depreciation rates which became effective January 1, 2017. As discussed in Rate Regulation above, the use of reserve amortization is permitted under the 2016 rate agreement and was also permitted under the 2012 rate agreement. In accordance with the 2016 rate agreement and the 2012 rate agreement, FPL recorded reserve amortization (reversal) of approximately \$(541) million, \$1,250 million and \$13 million in 2018, 2017 and 2016, respectively. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) accrued asset removal costs which is reflected in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets. In December 2017, following the enactment of tax reform, FPL used available reserve amortization to offset nearly all of the write-off of Hurricane Irma storm restoration costs, and FPL plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Rate Regulation above and Note 6. The weighted annual composite depreciation and amortization

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rate for FPL's electric utility plant in service, including capitalized software, but excluding the effects of decommissioning, dismantlement and the depreciation adjustments discussed above, was approximately 3.8%, 3.7% and 3.4% for 2018, 2017 and 2016, respectively. FPL files a twelve-month forecast with the FPSC each year which contains a regulatory ROE intended to be earned based on the best information FPL has at that time assuming normal weather. This forecast establishes a fixed targeted regulatory ROE. In order to earn the targeted regulatory ROE in each reporting period under the effective rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization or its reversal to earn the targeted regulatory ROE.

NEER's electric plant in service less salvage value, if any, are depreciated primarily using the straight-line method over their estimated useful lives. At December 31, 2018 and 2017, wind, solar and nuclear plants represented approximately 55% and 61%, 15% and 15% and 11% and 9%, respectively, of NEER's depreciable electric plant in service and other property. The estimated useful lives of NEER's plants range primarily from 25 to 35 years for wind plants, 25 to 30 years for solar plants and from 20 to 47 years for nuclear plants (see Note 5 - Nonrecurring Fair Value Measurements). NEER reviews the estimated useful lives of its fixed assets on an ongoing basis. In 2017, this 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 \$60 million and basic and diluted earnings per share attributable to NEE by approximately \$0.12 for the year ended December 31, 2017. NEER's oil and gas production assets, representing approximately 14% and 9%, respectively, of NEER's depreciable electric plant in service and other property at December 31, 2018 and 2017, are accounted for under the successful efforts method. Depletion expenses for the acquisition of reserve rights and development costs are recognized using the unit of production method.

Nuclear Fuel - FPL and NEER have several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel. See Note 15 - Contracts. FPL's and NEER's nuclear fuel costs are charged to fuel expense on a unit of production method.

Construction Activity - Allowance for funds used during construction (AFUDC) is a noncash item which represents the allowed cost of capital, including an ROE, used to finance construction projects. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of interest expense and the remainder is recorded as other income. For FPL, FPSC rules limit the recording of AFUDC to projects that have an estimated cost in excess of 0.5% of a utility's plant in service balance and require more than one year to complete. FPSC rules allow construction projects below the 0.5% threshold as a component of rate base. During 2018, 2017 and 2016, FPL capitalized AFUDC at a rate of 5.97%, 6.16% and 6.34%, respectively, which amounted to approximately \$114 million, \$101 million and \$97 million, respectively. See Note 15 - Commitments.

FPL's construction work in progress includes construction materials, progress payments on major equipment contracts, engineering costs, AFUDC and other costs directly associated with the construction of various projects. Upon completion of the projects, these costs are transferred to electric utility plant in service and other property. Capitalized costs associated with construction activities are charged to O&M expenses when recoverability is no longer probable.

NEER capitalizes project development costs once it is probable that such costs will be realized through the ultimate construction of a power plant or sale of development rights. At December 31, 2018 and 2017, NEER's capitalized development costs totaled approximately \$630 million and \$433 million, respectively, which are included in noncurrent other assets on NEE's consolidated balance sheets. These costs include land rights and other third-party costs directly associated with the development of a new project. Upon commencement of construction, these costs either are transferred to construction work in progress or remain in other assets, depending upon the nature of the cost. Capitalized development costs are charged to O&M expenses when it is no longer probable that these costs will be realized.

NEER's construction work in progress includes construction materials, progress payments on major equipment contracts, third-party engineering costs, capitalized interest and other costs directly associated with the construction and development of various projects. Interest capitalized on construction projects amounted to approximately \$94 million, \$89 million and \$107 million during 2018, 2017 and 2016, respectively. Interest expense allocated from NextEra Energy Capital Holdings, Inc. (NEECH) to NEER is based on a deemed capital structure of 70% debt and differential membership interests sold by NEER's subsidiaries. Upon commencement of project operation, costs associated with construction work in progress are transferred to electric plant in service and other property.

Asset Retirement Obligations - NEE and FPL each account for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. The asset retirement cost is subsequently allocated to expense, for NEE's non-rate regulated operations, and regulatory liability, for FPL, using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the

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liability and as accretion expense, which is included in depreciation and amortization expense in the consolidated statements of income for NEE's non-rate regulated operations, and ARO and regulatory liability, in the case of FPL. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost, or income when asset retirement cost is depleted, in the case of NEE's non-rate regulated operations, and ARO and regulatory liability, in the case of FPL. See Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below and Note 13.

Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs - For ratemaking purposes, FPL accrues for the cost of end of life retirement and disposal of its nuclear, fossil and solar plants over the expected service life of each unit based on nuclear decommissioning and fossil and solar dismantlement studies periodically filed with the FPSC. In addition, FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. As approved by the FPSC, FPL previously suspended its annual decommissioning accrual. For financial reporting purposes, FPL recognizes decommissioning and dismantlement liabilities in accordance with accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred. Any differences between expense recognized for financial reporting purposes and the amount recovered through rates are reported as a regulatory liability in accordance with regulatory accounting. See Revenues and Rates, Electric Plant, Depreciation and Amortization, Asset Retirement Obligations above and Note 13.

Nuclear decommissioning studies are performed at least every five years and are submitted to the FPSC for approval. FPL filed updated nuclear decommissioning studies with the FPSC in December 2015. These studies reflect FPL's current plans, under the operating licenses, for prompt dismantlement of Turkey Point Units Nos. 3 and 4 following the end of plant operation with decommissioning activities commencing in 2032 and 2033, respectively, and provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 in 2043. These studies also assume that FPL will be storing spent fuel on site pending removal to a United States (U.S.) government facility. The studies indicate FPL's portion of the ultimate costs of decommissioning its four nuclear units, including costs associated with spent fuel storage above what is expected to be refunded by the U.S. Department of Energy (DOE) under a spent fuel settlement agreement, to be approximately \$7.5 billion, or \$3.2 billion expressed in 2018 dollars.

Restricted funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's and FPL's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily carried at fair value. See Note 5. Fund earnings, consisting of dividends, interest and realized gains and losses, net of taxes, are reinvested in the funds. Fund earnings, as well as any changes in unrealized gains and losses, are not recognized in income and are reflected as a corresponding offset in the related regulatory asset or liability accounts. FPL does not currently make contributions to the decommissioning funds, other than the reinvestment of fund earnings. During 2018, 2017 and 2016 fund earnings on decommissioning funds were approximately \$94 million, \$114 million and \$102 million, respectively. The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes.

Fossil and solar plant dismantlement studies are typically performed at least every four years and are submitted to the FPSC for approval. Fossil and solar dismantlement studies in effect during the 2012 rate agreement resulted in an annual expense of \$18 million which is recorded in depreciation and amortization expense in NEE's and FPL's consolidated statements of income. As part of the 2016 rate agreement, the FPSC approved a new annual expense of \$26 million based on FPL's 2016 fossil and solar dismantlement studies which became effective January 1, 2017. At

December 31, 2018, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately \$1.2 billion, or \$513 million expressed in 2018 dollars.

NEER records nuclear decommissioning liabilities for Seabrook Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and Point Beach Nuclear Power Plant (Point Beach) and dismantlement liabilities for its wind and solar facilities, when required in accordance with accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred. The liabilities are being accreted using the interest method through the date decommissioning or dismantlement activities are expected to be complete. See Note 13. At December 31, 2018 and 2017, NEER's ARO, which is primarily related to nuclear decommissioning and wind and solar dismantlement, was approximately \$988 million and \$984 million, respectively, and was primarily determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning or dismantlement. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately \$10.8 billion, or \$2.1 billion expressed in 2018 dollars. The ultimate cost to dismantle NEER's wind and solar facilities is estimated to be approximately \$1.6 billion.

Seabrook files a comprehensive nuclear decommissioning study with the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) every four years; the most recent study was filed in 2015. Seabrook's decommissioning funding plan is also subject to annual review by the NDFC. Currently, there are no ongoing decommissioning funding requirements for Seabrook, Duane Arnold and Point Beach, however, the U.S. Nuclear Regulatory Commission (NRC), and in the case of Seabrook, the NDFC, has the authority to require additional funding in the future. NEER's portion of Seabrook's, Duane Arnold's and Point Beach's restricted funds for the payment of future expenditures to decommission these plants is included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's consolidated balance sheets. Marketable securities held in the decommissioning

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funds are primarily carried at fair value. See Note 5. Market adjustments for debt securities result in a corresponding adjustment to other comprehensive income (OCI), except for unrealized losses associated with marketable debt securities considered to be other than temporary, including any credit losses, which are recognized in other - net in NEE's consolidated statements of income. Market adjustments for equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net in NEE's consolidated statements of income. Prior to the adoption of an accounting standards update on January 1, 2018 (see Note 5 - Financial Instruments Accounting Standards Update), changes in fair value of both debt and equity securities resulted 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 were recognized in other - net in NEE's consolidated statements of income. Fund earnings, consisting of dividends, interest and realized gains and losses are recognized in income and are reinvested in the funds. The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes.

Major Maintenance Costs - FPL expenses costs associated with planned fossil maintenance as incurred. FPL recognizes costs associated with planned major nuclear maintenance in accordance with regulatory treatment. As part of the 2016 rate agreement, the FPSC authorized FPL to change its regulatory accounting treatment of nuclear maintenance costs. Therefore, in 2017, FPL began deferring the actual nuclear maintenance costs for each nuclear unit's planned outage to a regulatory asset as the costs were incurred and amortizing the costs to O&M expense over the period from the end of the current outage to the end of the next planned outage. Prior to 2017, FPL's estimated nuclear maintenance costs for each nuclear unit's next planned outage were accrued over the period from the end of the last outage to the end of the next planned outage. Any difference between the estimated and actual costs was included in O&M expenses when known.

NEER uses the deferral method to account for certain planned major maintenance costs. NEER's major maintenance costs for its nuclear generation units and combustion turbines are capitalized (included in noncurrent other assets on NEE's consolidated balance sheets) and amortized to O&M expenses on a unit of production method over the period from the end of the last outage to the beginning of the next planned outage.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Restricted Cash - At December 31, 2018 and 2017, NEE had approximately \$4,615 million (\$142 million for FPL) and \$269 million (\$141 million for FPL), respectively, of restricted cash, of which approximately \$89 million (\$81 million for FPL) and \$247 million (\$128 million for FPL), respectively, is included in current other assets and the remaining balance is included in noncurrent other assets on NEE's and FPL's consolidated balance sheets. Restricted cash is primarily related to debt service payments, bond proceeds held for construction at FPL and margin cash collateral requirements, and, at December 31, 2018, also related to cash restricted for the acquisition of Gulf Power Company (see Note 8 - Gulf Power Company). In addition, where offsetting positions exist, restricted cash related to margin cash collateral is netted against derivative instruments, which totaled \$184 million at December 31, 2018. See Note 4.

Allowance for Doubtful Accounts - FPL maintains an accumulated provision for uncollectible customer accounts receivable that is estimated primarily using a percentage, derived from historical revenue and write-off trends, of the previous four months of revenue. Additional amounts are included in the provision to address specific items that are not considered in the calculation described above. NEER regularly reviews collectibility of its receivables and

establishes a provision for losses estimated as a percentage of accounts receivable based on the historical bad debt write-off trends for its retail electricity provider operations and, when necessary, using the specific identification method for all other receivables.

Inventory - FPL values materials, supplies and fossil fuel inventory using a weighted-average cost method. NEER's materials, supplies and fossil fuel inventories are carried at the lower of weighted-average cost and net realizable value, unless evidence indicates that the weighted-average cost (even if in excess of net realizable value) will be recovered with a normal profit upon sale in the ordinary course of business.

Energy Trading - NEE provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and gas marketing and trading activities to optimize the value of electricity and fuel contracts, generation facilities and gas infrastructure assets, as well as to take advantage of projected favorable commodity price movements. Trading contracts that meet the definition of a derivative are accounted for at fair value and realized gains and losses from all trading contracts, including those where physical delivery is required, are recorded net for all periods presented. See Note 4.

Storm Fund and Storm Reserve - The storm and property insurance reserve fund (storm fund) provides coverage toward FPL's storm damage costs. Marketable securities held in the storm fund are carried at fair value. See Note 5. Fund earnings, consisting of dividends, interest and realized gains and losses, net of taxes, are reinvested in the fund. Fund earnings, as well as any changes in unrealized gains and losses, are not recognized in income and are reflected as a corresponding adjustment to the storm and property insurance reserve (storm reserve). The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes. The storm fund and storm reserve are included in special use funds and noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets.

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FPL was impacted by Hurricane Hermine and Hurricane Matthew in 2016. Hurricane Matthew resulted in damage throughout much of FPL's service territory. Damage to FPL property from the hurricane was primarily limited to the transmission and distribution systems. In March 2017, FPL began recovering from its retail customers, through an interim storm surcharge over a 12-month period, eligible storm restoration costs associated with Hurricane Matthew of approximately \$201 million (\$294 million of recoverable costs less \$93 million available in FPL's storm reserve prior to the storm), plus approximately \$117 million to replenish the storm reserve to the level authorized in FPL's 2012 rate agreement. As the portion of the Hurricane Matthew surcharge applicable to the replenishment of the storm reserve was billed to customers (which was recorded as operating revenues), the storm reserve was recognized as a regulatory liability and charged to depreciation and amortization expense in NEE's and FPL's consolidated statements of income. In July 2018, the FPSC approved a settlement agreement between FPL and the OPC regarding the recovery of storm costs related to Hurricane Matthew. As part of the settlement agreement, FPL issued a one-time refund to customers in August 2018 totaling approximately \$28 million, of which \$20 million was for storm costs that were reclassified to property, plant and equipment. Accrued storm restoration costs were approximately \$428 million at December 31, 2017 and are included in current other liabilities on NEE's and FPL's consolidated balance sheets. See Rate Regulation - FPL Rates Effective January 2017 through December 2020 for a discussion of Hurricane Irma.

Impairment of Long-Lived Assets - NEE evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate. See Note 5 - Nonrecurring Fair Value Measurements.

Goodwill and Other Intangible Assets - NEE's goodwill and other intangible assets are as follows:

	Weighted- Average Useful Lives (years)	December 31, 2018 2017 (millions)	
Goodwill (by reporting unit):			
FPL segment		\$304	\$11
NEER segment:			
Gas infrastructure		487	641
Customer supply		72	72
Generation assets		28	40
Total goodwill		\$891	\$764
Other intangible assets not subject to amortization, primarily land easements		\$135	\$138
Other intangible assets subject to amortization:			
Customer relationships associated with gas infrastructure	41	\$—	\$700
Purchased power agreements	21	625	521
Other, primarily transmission and development rights and customer lists	22	34	79
Total		659	1,300
Accumulated amortization		(86)	(151)
Total other intangible assets subject to amortization - net		\$573	\$1,149

NEE's goodwill relates to various acquisitions which were accounted for using the purchase method of accounting. Other intangible assets subject to amortization are amortized, primarily on a straight-line basis, over their estimated useful lives. Amortization expense was approximately \$19 million, \$35 million and \$35 million for the years ended December 31, 2018, 2017 and 2016, respectively, and is expected to be approximately \$25 million, \$26 million, \$24 million, \$21 million and \$21 million for 2019, 2020, 2021, 2022 and 2023, respectively. The reduction in the NEER segment goodwill and other intangible assets subject to amortization in 2018 is largely due to the deconsolidation of NEP (see NextEra Energy Partners, LP above).

Goodwill and other intangible assets are primarily included in noncurrent other assets on NEE's consolidated balance sheets. Goodwill and other intangible assets not subject to amortization are assessed for impairment at least annually by applying a fair value-based analysis. Other intangible assets subject to amortization are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted future cash flows.

Effective January 1, 2018, NEE and FPL adopted an accounting standards update that clarified the definition of a business. The revised guidance affects the evaluation of whether a transaction should be accounted for as an acquisition or disposition of an asset or a business. NEE and FPL adopted this guidance on a prospective basis effective January 1, 2018.

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Pension Plan - NEE records the service cost component of net periodic benefit income to O&M expense and the non-service cost component to other net periodic benefit income in NEE's consolidated statements of income. NEE allocates net periodic pension income to its subsidiaries based on the pensionable earnings of the subsidiaries' employees. Accounting guidance requires recognition of the funded status of the pension plan in the balance sheet, with changes in the funded status recognized in other comprehensive income within shareholders' equity in the year in which the changes occur. Since NEE is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, this accounting guidance is reflected at NEE and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses and prior service costs or credits that are estimated to be allocable to FPL as net periodic (income) cost in future periods and that otherwise would be recorded in accumulated other comprehensive income (AOCI) are classified as regulatory assets and liabilities at NEE in accordance with regulatory treatment.

Stock-Based Compensation - NEE accounts for stock-based payment transactions based on grant-date fair value. Compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures of stock-based awards are recognized as they occur. See Note 11 - Stock-Based Compensation.

Retirement of Long-Term Debt - Gains and losses that result from differences in FPL's reacquisition cost and the net book value of long-term debt which is retired are deferred as a regulatory asset or liability and amortized to interest expense ratably over the remaining life of the original issue, which is consistent with its treatment in the ratemaking process. NEECH and NEER recognize such differences in interest expense at the time of retirement.

Income Taxes - Deferred income taxes are recognized on all significant temporary differences between the financial statement and tax bases of assets and liabilities, and are presented as noncurrent on NEE's and FPL's consolidated balance sheets. In connection with the tax sharing agreement between NEE and certain of its subsidiaries, the income tax provision at each applicable subsidiary reflects the use of 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 the corporate level. Included in other regulatory assets and other regulatory liabilities on NEE's and FPL's consolidated balance sheets is the revenue equivalent of the difference in deferred income taxes computed under accounting rules, as compared to regulatory accounting rules. The net regulatory liability totaled \$4,074 million (\$4,042 million for FPL) and \$4,213 million (\$4,180 million for FPL) at December 31, 2018 and 2017, respectively, and is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities for which the deferred tax amount was initially recognized.

Production tax credits (PTCs) are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes and are recorded as a reduction of current income taxes payable, unless limited by tax law in which instance they are recorded as deferred tax assets. NEER recognizes ITCs as a reduction to income tax expense when the related energy property is placed into service. FPL recognizes ITCs as a reduction to income tax expense over the depreciable life of the related energy property. At December 31, 2018 and 2017, FPL's accumulated deferred ITCs were approximately \$326 million and \$119 million, respectively, and are included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets. NEE and FPL record a deferred income tax benefit created by the convertible ITCs on the difference between the financial statement and tax bases of renewable property. For NEER, this deferred income tax benefit is recorded in income tax expense in the year that the renewable property is placed in service. For FPL, this deferred income tax benefit is offset by a regulatory liability, which is

amortized as a reduction of depreciation expense over the approximate lives of the related renewable property in accordance with the regulatory treatment. At December 31, 2018 and 2017, the net deferred income tax benefits associated with FPL's convertible ITCs were approximately \$42 million and \$44 million, respectively, and are included in noncurrent regulatory assets and noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets.

A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets when it is more likely than not that such assets will not be realized. NEE recognizes interest income (expense) related to unrecognized tax benefits (liabilities) in interest income and interest expense, respectively, net of the amount deferred at FPL. At FPL, the offset to accrued interest receivable (payable) on income taxes is classified as a regulatory liability (regulatory asset) which will be amortized to income (expense) over a five-year period upon settlement in accordance with regulatory treatment. All tax positions taken by NEE in its income tax returns that are recognized in the financial statements must satisfy a more-likely-than-not threshold. NEE and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states, the most significant of which is Florida, and certain foreign jurisdictions. Federal tax liabilities, with the exception of certain refund claims, are effectively settled for all years prior to 2015. State and foreign tax liabilities, which have varied statutes of limitations regarding additional assessments, are generally effectively settled for years prior to 2009. At December 31, 2018, NEE had unrecognized tax benefits of approximately \$61 million that, if disallowed, could impact the annual effective income tax rate. The amounts of unrecognized tax benefits and related interest accruals may change within the next 12 months; however, NEE and FPL do not expect these changes to have a significant impact on NEE's or FPL's financial statements. See Note 6.

Sales of Differential Membership Interests - Certain subsidiaries of NEER sold Class B membership interests in entities that have ownership interests in wind and solar facilities, with generating capacity totaling approximately 6,803 MW and 473 MW, respectively, at December 31, 2018, to third-party investors. NEE retains a controlling interest in the entities and therefore presents the Class B

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member interests as noncontrolling interests. Noncontrolling interests represents the portion of net assets in consolidated entities that are not owned by NEE and are reported as a component of equity in NEE's consolidated balance sheet. The third-party investors are allocated earnings, tax attributes and cash flows in accordance with the respective limited liability company agreements. Those economics are allocated primarily to the third-party investors until they receive a targeted return (the flip date) and thereafter to NEE. NEE has the right to call the third-party interests at specified amounts if and when the flip date occurs. NEE has determined the allocation of economics between the controlling party and third-party investor should not follow the respective ownership percentages for each wind and solar project but rather the hypothetical liquidation of book value (HLBV) method based on the governing provisions in each respective limited liability company agreement. Under the HLBV method, the amounts of income and loss attributable to the noncontrolling interest reflects changes in the amount the owners would hypothetically receive at each balance sheet date under the respective liquidation provisions, assuming the net assets of these entities were liquidated at the recorded amounts, after taking into account any capital transactions, such as contributions and distributions, between the entities and the owners. At the point in time that the third-party investor, in hypothetical liquidation, would achieve its targeted return, NEE attributes the additional hypothetical proceeds to the Class B membership interests based on the call price. A loss attributable to noncontrolling interest on NEE's consolidated statements of income represents earnings attributable to NEE. Additionally, net (income) loss attributable to noncontrolling interests in NEE's consolidated statement of income for the year ended December 31, 2018 includes a benefit to NEE of approximately \$497 million (\$373 million after tax) related to a reduction of differential membership interests as a result of a change in the federal corporate income tax rate effective January 1, 2018.

Prior to 2018, the proceeds received on the sale of Class B membership interest in entities were deferred and recorded as a liability in deferral related to differential membership interests - VIEs on NEE's consolidated balance sheets. The deferred amount was being recognized in benefits associated with differential membership interests - net in NEE's consolidated statements of income as the Class B members received their portion of the economic attributes. On January 1, 2018, upon the adoption of the accounting standards update regarding the accounting for partial sales of nonfinancial assets as discussed in Basis of Presentation above, NEE recorded an increase to retained earnings of approximately \$34 million (\$56 million pretax) and a reduction to additional paid-in capital of \$77 million (\$59 million after tax). In addition, the liability reflected as deferral related to differential membership interests - VIEs at December 31, 2017 was reclassified to noncontrolling interests.

Redeemable Noncontrolling Interests - Certain subsidiaries of NEER sold Class B membership interests in entities that have ownership interests in wind facilities to third-party investors. As specified in the respective limited liability company agreements, if, subject to certain contingencies, certain events occur, including, among others, those that would delay construction or cancel any of the underlying projects, an investor has the option to require NEER to return all or part of its investment. As these potential redemptions are outside of NEER's control, these balances were classified as redeemable noncontrolling interests on NEE's consolidated balance sheet as of December 31, 2018. These contingencies are expected to be resolved in 2019.

Variable Interest Entities (VIEs) - An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, or its equity investors, as a group, lack the characteristics of having a controlling financial interest. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. NEE and FPL evaluate whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. See Note 9.

Leases - During the fourth quarter of 2018, NEE and FPL elected to early adopt an accounting standards update which requires, among other things, that lessees recognize a right-of-use asset and a lease liability for all leases (new lease standard). Certain amounts included in prior years' consolidated financial statements have been retrospectively adjusted for the new lease standard. See Note 14.

Merger-Related - During 2018, 2017 and 2016, NEE and certain of its affiliates incurred costs related to several proposed mergers, including transaction costs, integration costs and the payment of certain termination fees, which are included in merger-related expenses in NEE's consolidated statements of income. See Note 8.

Disposal of a Business/Assets - In December 2018, subsidiaries of NEER completed the sale of its ownership interests in ten wind generation facilities and one solar generation facility located in the Midwest, South and West regions of the U.S. with a total generating capacity of 1,388 MW to a subsidiary of NEP for net cash proceeds of approximately \$1.3 billion, after transaction costs and working capital adjustments and NEP's assumption of approximately \$941 million in existing noncontrolling interests related to differential membership investors. In connection with the sale and the related consolidating state income tax effects, a gain of approximately \$36 million (\$32 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2018 and is included in losses (gains) on disposal of a business/assets - net.

In 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 (\$685 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2017 and is included in losses (gains) on disposal of a business/assets - net.

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In 2016, a subsidiary of NEER completed the sale of its ownership interest in merchant natural gas generation facilities located in Texas with a total generating capacity of 2,884 MW 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 consolidated statements of income for the year ended December 31, 2016 and is included in losses (gains) on disposal of a business/assets - net.

In 2016, a subsidiary of NEER completed the sale of its ownership interest in natural gas generation facilities located primarily in Pennsylvania with a total generating capacity of 840 MW for net cash proceeds of approximately \$260 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 \$191 million (\$113 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2016 and is included in losses (gains) on disposal of a business/assets - net.

2. Revenue from Contracts with Customers

Effective January 1, 2018, NEE and FPL adopted an accounting standards update that provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures regarding such contracts (new revenue standard). Under the new revenue standard, revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The promised goods or services in the majority of NEE's contracts with customers under the new revenue standard is, at FPL, for the delivery of electricity based on tariff rates approved by the FPSC and, at NEER, for the delivery of energy commodities and the availability of electric capacity and electric transmission. NEE and FPL adopted the new revenue standard using the modified retrospective approach applying it only to contracts that were not complete at January 1, 2018. On January 1, 2018, NEE recorded a reduction to retained earnings of approximately \$25 million representing the cumulative effect of adopting the new revenue standard, which was primarily due to identifying separate performance obligations in certain energy-related contracts at NEER. The cumulative effect of adopting the new revenue standard was not material at FPL. The impact of applying the new revenue standard to NEE's and FPL's December 31, 2018 financial statements as compared to the prior revenue standard was not material.

FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers, as well as derivative and lease transactions at NEER. For the vast majority of contracts with customers, NEE believes that the obligation to deliver energy, capacity or transmission is satisfied over time as the customer simultaneously receives and consumes benefits as NEE performs. In 2018, NEE's and FPL's revenue from contracts with customers was approximately \$15.4 billion and \$11.8 billion, respectively. NEE's and FPL's receivables are primarily associated with revenues earned from contracts with customers, as well as derivative and lease transactions at NEER, and consist of both billed and unbilled amounts, which are recorded in customer receivables and other receivables on NEE's and FPL's consolidated balance sheets. Receivables represent unconditional rights to consideration and reflect the differences in timing of revenue recognition and cash collections. For substantially all of NEE's and FPL's receivables, regardless of the type of revenue transaction from which the receivable originated, customer and counterparty credit risk is managed in the same manner and the terms and conditions of payment are similar.

FPL - FPL's revenues are derived primarily from tariff-based sales that result from providing electricity to retail customers in Florida with no defined contractual term. Electricity sales to retail customers account for approximately 90% of FPL's operating revenues, the majority of which is to residential customers. FPL's retail customers receive a bill monthly based on the amount of monthly kWh usage with payment due monthly. For these types of sales, FPL recognizes revenue as electricity is delivered and billed to customers, as well as an estimate for electricity delivered and not yet billed. The billed and unbilled amounts represent the value of electricity delivered to the customer. At December 31, 2018 and 2017, FPL's unbilled revenues amounted to approximately \$432 million and \$428 million, respectively, and are included in customer receivables on NEE's and FPL's consolidated balance sheets.

NEER - NEER's revenue from contracts with customers is derived primarily from the sale of energy commodities, electric capacity and electric transmission. For these types of sales, NEER recognizes revenue as energy commodities are delivered and as electric capacity and electric transmission are made available, consistent with the amounts billed to customers based on rates stipulated in the respective contracts as well as an accrual for amounts earned but not yet billed. The amounts billed and accrued represent the value of energy or transmission delivered and/or the capacity of energy or transmission available to the customer. Revenues yet to be earned under these contracts, which have maturity dates ranging from 2019 to 2053, will vary based on the volume of energy or transmission delivered and/or available. NEER's customers typically receive bills monthly with payment due within 30 days. Certain contracts with customers contain a fixed price related primarily to electric capacity sales associated with ISO annual auctions through 2020 and certain power purchase agreements with maturity dates through 2034. At December 31, 2018, NEER expects to record approximately \$860 million of revenues related to the fixed price components of such contracts over the remaining terms of the related contracts as the capacity is provided.

Upon the adoption of the new lease standard, certain of NEER's renewable power sales agreements that were accounted for under the previous lease guidance are now accounted for under the revenue standard. See Note 14.

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3. Employee Retirement Benefits

Employee Pension Plan and Other Benefits Plans - NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. NEE also has a supplemental executive retirement plan (SERP), which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees, and sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements. The total accrued benefit cost of the SERP and postretirement plans is approximately \$226 million (\$187 million for FPL) and \$241 million (\$208 million for FPL) at December 31, 2018 and 2017, respectively.

Pension Plan Assets, Benefit Obligations and Funded Status - The changes in assets, benefit obligations and the funded status of the pension plan are as follows:

	2018	2017
	(millions)	
Change in pension plan assets:		
Fair value of plan assets at January 1	\$4,020	\$3,651
Actual return on plan assets	(69)	574
Benefit payments	(160)	(205)
Acquisitions ^(a)	15	—
Fair value of plan assets at December 31	\$3,806	\$4,020
Change in pension benefit obligation:		
Obligation at January 1	\$2,593	\$2,474
Service cost	70	66
Interest cost	82	83
Acquisitions ^(a)	15	—
Special termination benefits ^(b)	35	38
Plan amendments	—	12
Actuarial losses (gains) - net	(113)	125
Benefit payments	(160)	(205)
Obligation at December 31 ^(c)	\$2,522	\$2,593
Funded status:		
Prepaid pension benefit costs at NEE at December 31	\$1,284	\$1,427
Prepaid pension benefit costs at FPL at December 31 ^(d)	\$1,407	\$1,351

(a) Relates to fully funded pension obligations acquired in 2018, see Note 8.

(b) Reflects enhanced early retirement programs.

(c) NEE's accumulated pension benefit obligation, which includes no assumption about future salary levels, at December 31, 2018 and 2017 was approximately \$2,479 million and \$2,548 million, respectively.

(d) Reflects FPL's allocated benefits under NEE's pension plan.

NEE's unrecognized amounts included in accumulated other comprehensive income (loss) yet to be recognized as components of prepaid pension benefit costs are as follows:

	2018	2017
	(millions)	
Unrecognized prior service benefit (net of \$2 and \$2 tax expense, respectively)	\$2	\$2

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Unrecognized losses (net of \$27 and \$32 tax benefit, respectively)	(71) (49)
Total	\$(69) \$(47)

NEE's unrecognized amounts included in regulatory assets yet to be recognized as components of net prepaid pension benefit costs are as follows:

	2018	2017
	(millions)	
Unrecognized prior service benefit	\$(3)	\$(4)
Unrecognized losses	376	160
Total	\$373	\$156

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The following table provides the assumptions used to determine the benefit obligation for the pension plan. These rates are used in determining net periodic income in the following year.

	2018	2017
Discount rate ^(a)	4.26 %	3.59 %
Salary increase	4.40 %	4.10 %

(a) The method of estimating the interest cost component of net periodic benefit costs uses a full yield curve approach by applying a specific spot rate along the yield curve.

NEE's investment policy for the pension plan recognizes the benefit of protecting the plan's funded status, thereby avoiding the necessity of future employer contributions. Its broad objectives are to achieve a high rate of total return with a prudent level of risk taking while maintaining sufficient liquidity and diversification to avoid large losses and preserve capital over the long term.

The NEE pension plan fund's current target asset allocation, which is expected to be reached over time, is 45% equity investments, 32% fixed income investments, 13% alternative investments and 10% convertible securities. The pension fund's investment strategy emphasizes traditional investments, broadly diversified across the global equity and fixed income markets, using a combination of different investment styles and vehicles. The pension fund's equity and fixed income holdings consist of both directly held securities as well as commingled investment arrangements such as common and collective trusts, pooled separate accounts, registered investment companies and limited partnerships. The pension fund's convertible security assets are principally direct holdings of convertible securities and include a convertible security oriented limited partnership. The pension fund's alternative investments consist primarily of private equity and real estate oriented investments in limited partnerships as well as absolute return oriented limited partnerships that use a broad range of investment strategies on a global basis.

The fair value measurements of NEE's pension plan assets by fair value hierarchy level are as follows:

	December 31, 2018 ^(a)			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1) (millions)			
	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
Equity securities ^(b)	\$1,030	\$ 11	\$ 2	\$1,043
Equity commingled vehicles ^(c)	—	638	—	638
U.S. Government and municipal bonds	84	11	—	95
Corporate debt securities ^(d)	—	252	—	252
Asset-backed securities	—	253	—	253

Debt security commingled vehicles	—	133	—	133
Convertible securities ^(e)	17	303	—	320
Total investments in the fair value hierarchy	\$1,131	\$ 1,601	\$ 2	2,734
Total investments measured at net asset value ^(f)				1,072
Total fair value of plan assets				\$3,806

(a) See Note 5 for discussion of fair value measurement techniques and inputs.

(b) Includes foreign investments of \$459 million.

(c) Includes foreign investments of \$193 million.

(d) Includes foreign investments of \$77 million.

(e) Includes foreign investments of \$30 million.

(f) Includes foreign investments of \$214 million.

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	December 31, 2017 ^(a)			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1) (millions)			
		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities ^(b)	\$1,077	\$ 16	\$ 2	\$1,095
Equity commingled vehicles ^(c)	—	853	—	853
U.S. Government and municipal bonds	118	13	—	131
Corporate debt securities ^(d)	3	238	10	251
Asset-backed securities	—	170	—	170
Debt security commingled vehicles ^(e)	—	155	—	155
Convertible securities ^(f)	19	307	—	326
Total investments in the fair value hierarchy	\$1,217	\$ 1,752	\$ 12	2,981
Total investments measured at net asset value ^(g)				1,039
Total fair value of plan assets				\$4,020

(a) See Note 5 for discussion of fair value measurement techniques and inputs.

(b) Includes foreign investments of \$480 million.

(c) Includes foreign investments of \$287 million.

(d) Includes foreign investments of \$73 million.

(e) Includes foreign investments of \$2 million.

(f) Includes foreign investments of \$35 million.

(g) Includes foreign investments of \$233 million

Expected Cash Flows - The following table provides information about benefit payments expected to be paid by the pension plan for each of the following calendar years (in millions):

2019	\$226
2020	\$160
2021	\$167
2022	\$167
2023	\$172
2024 - 2028	\$877

Net Periodic (Income) Cost - The components of net periodic (income) cost for the plans are as follows:

Pension Benefits	Postretirement Benefits
------------------	----------------------------

	2018	2017	2016	2018	2017	2016
	(millions)					
Service cost	\$70	\$66	\$62	\$1	\$ 1	\$2
Interest cost	82	83	105	7	8	13
Expected return on plan assets	(276)	(270)	(260)	—	—	(1)
Amortization of prior service cost (benefit)	(1)	(1)	1	(15)	(10)	(2)
Special termination benefits	35	38	—	—	—	—
Postretirement benefits settlement	—	—	—	—	1	—
Net periodic (income) cost at NEE	\$(90)	\$(84)	\$(92)	\$(7)	\$ —	\$12
Net periodic (income) cost allocated to FPL	\$(57)	\$(51)	\$(58)	\$(6)	\$ —	\$9

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Other Comprehensive Income - The components of net periodic income (cost) recognized in OCI for the pension plan are as follows:

	2018	2017	2016
	(millions)		
Prior service benefit (net of \$3 tax expense)	\$—	\$—	\$4
Net gains (losses) (net of \$4 tax benefit, \$23 tax expense and \$16 tax benefit, respectively)	(13)	37	(26)
Total	\$(13)	\$ 37	\$(22)

Regulatory Assets (Liabilities) - The components of net periodic (income) cost recognized during the year in regulatory assets (liabilities) for the pension plan are as follows:

	2018	2017
	(millions)	
Unrecognized losses (gains)	\$216	\$(120)
Amortization of prior service cost	1	1
Total	\$217	\$(119)

The assumptions used to determine net periodic income for the pension plan are as follows:

	2018	2017	2016
Discount rate	3.59%	4.09%	4.35%
Salary increase	4.10%	4.10%	4.10%
Expected long-term rate of return, net of investment management fees ^(a)	7.35%	7.35%	7.35%

In developing the expected long-term rate of return on assets assumption for its pension plan, NEE evaluated input, including other qualitative and quantitative factors, from its actuaries and consultants, as well as information (a) available in the marketplace. NEE considered different models, capital market return assumptions and historical returns for a portfolio with an equity/bond asset mix similar to its pension fund. NEE also considered its pension fund's historical compounded returns.

Employee Contribution Plan - NEE offers an employee retirement savings plan which allows eligible participants to contribute a percentage of qualified compensation through payroll deductions. NEE makes matching contributions to participants' accounts. Defined contribution expense pursuant to this plan was approximately \$54 million, \$53 million and \$52 million for NEE (\$34 million, \$33 million and \$32 million for FPL) for the years ended December 31, 2018, 2017 and 2016, respectively.

Amendments to Presentation of Retirement Benefits - Effective January 1, 2018, NEE adopted 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. NEE adopted the standards update 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. Upon adoption, NEE, among other things, reclassified the non-service cost components noted in the net periodic (income) cost table above from O&M expense to other net periodic benefit income in NEE's consolidated statements of income. The adoption of this standards update did not have an impact on net income attributable to NEE and did not have any impact on FPL as NEE is the plan sponsor.

4. Derivative Instruments

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

With respect to commodities related to NEE's competitive energy business, NEER employs risk management procedures to conduct its activities related to optimizing the value of its power generation and gas infrastructure assets, providing full energy and capacity requirements services primarily to distribution utilities, and engaging in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter (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

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of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and reduce the effect of unfavorable changes in the forward energy markets. Additionally, NEER takes positions in energy markets based on differences between actual forward market levels and management's view of fundamental market conditions, including supply/demand imbalances, changes in traditional flows of energy, changes in short- and long-term weather patterns and anticipated regulatory and legislative outcomes. NEER uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause). For NEE's non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues; fuel purchases used in the production of electricity are recognized in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income. Settlement gains and losses are included within the line items in the 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 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 consolidated statements of cash flows.

For interest rate and foreign currency derivative instruments, essentially all changes in the derivatives' fair value, as well as the transaction gain or loss on foreign denominated debt, are recognized in interest expense and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income. In addition, for the years ended December 31, 2018, 2017 and 2016 NEE reclassified approximately \$3 million (\$2 million after tax), \$2 million (\$1 million after tax) and \$18 million (\$11 million after tax), respectively, from AOCI to interest expense primarily because it became probable that related future transactions being hedged would not occur. At December 31, 2018, 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 \$20 million of net losses included in AOCI at December 31, 2018 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.

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Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at December 31, 2018 and December 31, 2017, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral (see Note 5 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the consolidated balance sheets.

	December 31, 2018			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
NEE:				
Commodity contracts	\$4,651	\$ 3,305	\$1,840	\$ 683
Interest rate contracts	56	472	49	465
Foreign currency contracts	17	30	30	43
Total fair values	\$4,724	\$ 3,807	\$1,919	\$ 1,191
FPL:				
Commodity contracts	\$2	\$ 43	\$—	\$ 41
Net fair value by NEE balance sheet line item:				
Current derivative assets ^(a)			\$564	
Noncurrent derivative assets ^(b)			1,355	
Current derivative liabilities				\$ 675
Noncurrent derivative liabilities				516
Total derivatives			\$1,919	\$ 1,191
Net fair value by FPL balance sheet line item:				
Current other liabilities				\$ 32
Noncurrent other liabilities				9
Total derivatives			\$—	\$ 41

(a) Reflects the netting of approximately \$124 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$65 million in margin cash collateral received from counterparties.

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	December 31, 2017			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
NEE:				
Commodity contracts	\$3,962	\$ 2,792	\$1,737	\$ 567
Interest rate contracts	50	275	55	280
Foreign currency contracts	—	40	12	52
Total fair values	\$4,012	\$ 3,107	\$1,804	\$ 899
FPL:				
Commodity contracts	\$3	\$ 3	\$2	\$ 2
Net fair value by NEE balance sheet line item:				
Current derivative assets ^(a)			\$489	
Noncurrent derivative assets			1,315	
Current derivative liabilities				\$ 364
Noncurrent derivative liabilities ^(b)				535
Total derivatives			\$1,804	\$ 899
Net fair value by FPL balance sheet line item:				
Current other assets			\$2	
Current other liabilities				\$ 2
Total derivatives			\$2	\$ 2

(a) Reflects the netting of approximately \$39 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$39 million in margin cash collateral paid to counterparties.

At December 31, 2018 and 2017, NEE had approximately \$16 million and \$10 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's consolidated balance sheets. Additionally, at December 31, 2018 and 2017, NEE had approximately \$157 million and \$40 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 consolidated balance sheets.

Income Statement Impact of Derivative Instruments - Gains (losses) related to NEE's derivatives are recorded in NEE's consolidated statements of income as follows:

	Years Ended		
	December 31,		
	2018	2017	2016
	(millions)		
Commodity contracts: ^(a)			
Operating revenues	\$377	\$454	\$459
Fuel, purchased power and interchange	(2)	—	(1)
Foreign currency contracts - interest expense	19	55	14

Foreign currency contracts - other - net	—	(4	)	(1	)	
Interest rate contracts - interest expense	(280	)	(223	)	181	
Losses reclassified from AOCI to interest expense:						
Interest rate contracts	(30	)	(48	)	(90	)
Foreign currency contracts	(4	)	(81	)	(11	)
Total	\$80		\$153		\$551	

For the years ended December 31, 2018, 2017 and 2016, FPL recorded gains (losses) of approximately \$(31) (a)million, \$(169) million and \$203 million, respectively, related to commodity contracts as regulatory liabilities (assets) on its consolidated balance sheets.

Notional Volumes of Derivative Instruments - The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NEE's and FPL's 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

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do not represent net physical asset positions or non-derivative positions and their hedges, nor do they represent NEE's and FPL's net economic exposure, but only the net notional derivative positions that fully or partially hedge the related asset positions. NEE and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	December 31, 2018		December 31, 2017	
	NEE	FPL	NEE	FPL
	(millions)			
Power	(100) MWh ^(a)	1	(109) MWh ^(a)	—
Natural gas	(491) MMBtu ^(b)	231 MMBtu ^(b)	(74) MMBtu ^(b)	142 MMBtu ^(b)
Oil	(30) barrels	—	(15) barrels	—

(a) Megawatt-hours

(b) One million British thermal units

At December 31, 2018 and 2017, NEE had interest rate contracts with notional amounts totaling approximately \$18.2 billion and \$12.1 billion, respectively, and foreign currency contracts with notional amounts totaling approximately \$656 million and \$718 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 December 31, 2018 and 2017, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$1.8 billion (\$34 million for FPL) and \$1.1 billion (\$3 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 \$270 million (none at FPL) and \$145 million (none at FPL) at December 31, 2018 and 2017, respectively. 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 \$1.5 billion (\$45 million at FPL) and \$1.2 billion (\$45 million at FPL) at December 31, 2018 and 2017, respectively. 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 \$610 million (\$145 million at FPL) and \$210 million (\$95 million at FPL) at December 31, 2018 and 2017, respectively.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At December 31, 2018 and 2017, applicable NEE subsidiaries have posted approximately \$2 million (none at FPL) and \$2 million (none at FPL), respectively, in cash and \$88 million (none at FPL) and \$20 million (none at FPL), respectively, in the form of letters of credit each of which could be applied toward the collateral requirements

described above. FPL and NEECH have capacity under their credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

5. Fair Value Measurements

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

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Cash Equivalents and Restricted Cash Equivalents - NEE and FPL hold investments in money market funds. The fair value of these funds is estimated using a market approach based on current observable market prices.

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

Derivative Instruments - NEE and FPL measure the fair value of commodity contracts using a combination of market and income approaches utilizing prices observed on commodities exchanges and in the OTC markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date.

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

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

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

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

services and multiple broker quotes to support the market price of the various commodities. In all cases where there are assumptions and models used to generate inputs for valuing derivative assets and liabilities, the review and verification of the assumptions, models and changes to the models are undertaken by individuals that are independent of those responsible for estimating fair value.

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

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

	December 31, 2018				
	Level 1	Level 2	Level 3	Netting ^(a)	Total
	(millions)				
Assets:					
Cash equivalents and restricted cash equivalents: ^(b)					
NEE - equity securities	\$486	\$—	\$—		\$486
FPL - equity securities	\$206	\$—	\$—		\$206
Special use funds: ^(c)					
NEE:					
Equity securities	\$1,445	\$1,601 ^(d)	\$—		\$3,046
U.S. Government and municipal bonds	\$449	\$155	\$—		\$604
Corporate debt securities	\$—	\$728	\$—		\$728
Mortgage-backed securities	\$—	\$478	\$—		\$478
Other debt securities	\$—	\$145	\$1		\$146
FPL:					
Equity securities	\$398	\$1,452 ^(d)	\$—		\$1,850
U.S. Government and municipal bonds	\$350	\$120	\$—		\$470
Corporate debt securities	\$—	\$544	\$—		\$544
Mortgage-backed securities	\$—	\$367	\$—		\$367
Other debt securities	\$—	\$131	\$1		\$132
Other investments: ^(e)					
NEE:					
Equity securities	\$13	\$11	\$—		\$24
Debt securities	\$36	\$90	\$—		\$126
Derivatives:					
NEE:					
Commodity contracts	\$1,379	\$1,923	\$1,349	\$(2,811)	\$1,840 ^(f)
Interest rate contracts	\$—	\$56	\$—	\$(7)	\$49 ^(f)
Foreign currency contracts	\$—	\$17	\$—	\$13	\$30 ^(f)
FPL - commodity contracts	\$—	\$2	\$—	\$(2)	\$— ^(f)
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	\$1,329	\$1,410	\$566	\$(2,622)	\$683 ^(f)
Interest rate contracts	\$—	\$336	\$136	\$(7)	\$465 ^(f)
Foreign currency contracts	\$—	\$30	\$—	\$13	\$43 ^(f)
FPL - commodity contracts	\$—	\$7	\$36	\$(2)	\$41 ^(f)

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 consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

- (b) Includes restricted cash equivalents of approximately \$85 million (\$81 million for FPL) in current other assets on the consolidated balance sheets.
- (c) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
- (d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (e) Included in noncurrent other assets in the consolidated balance sheets.
- (f) See Note 4 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's consolidated balance sheets.

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	December 31, 2017				
	Level 1	Level 2	Level 3	Netting ^(a)	Total
	(millions)				
Assets:					
Cash equivalents and restricted cash equivalents: ^(b)					
NEE - equity securities	\$1,294	\$—	\$—		\$1,294
FPL - equity securities	\$144	\$—	\$—		\$144
Special use funds: ^(c)					
NEE:					
Equity securities	\$1,595	\$1,719 ^(d)	\$—		\$3,314
U.S. Government and municipal bonds	\$478	\$139	\$—		\$617
Corporate debt securities	\$1	\$764	\$—		\$765
Mortgage-backed securities	\$—	\$435	\$—		\$435
Other debt securities	\$—	\$129	\$—		\$129
FPL:					
Equity securities	\$473	\$1,562 ^(d)	\$—		\$2,035
U.S. Government and municipal bonds	\$362	\$112	\$—		\$474
Corporate debt securities	\$—	\$539	\$—		\$539
Mortgage-backed securities	\$—	\$333	\$—		\$333
Other debt securities	\$—	\$116	\$—		\$116
Other investments: ^(e)					
NEE:					
Equity securities	\$2	\$10	\$—		\$12
Debt securities	\$34	\$103	\$—		\$137
Derivatives:					
NEE:					
Commodity contracts	\$1,303	\$1,301	\$1,358	\$(2,225)	\$1,737 ^(f)
Interest rate contracts	\$—	\$50	\$—	\$5	\$55 ^(f)
Foreign currency contracts	\$—	\$—	\$—	\$12	\$12 ^(f)
FPL - commodity contracts	\$—	\$1	\$2	\$(1)	\$2 ^(f)
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	\$1,217	\$915	\$660	\$(2,225)	\$567 ^(f)
Interest rate contracts	\$—	\$143	\$132	\$5	\$280 ^(f)
Foreign currency contracts	\$—	\$40	\$—	\$12	\$52 ^(f)
FPL - commodity contracts	\$—	\$1	\$2	\$(1)	\$2 ^(f)

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 consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

(a) Includes restricted cash equivalents of approximately \$159 million (\$128 million for FPL) in current other assets on the consolidated balance sheets.

- (c) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
- (d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (e) Included in noncurrent other assets in the consolidated balance sheets.
- (f) See Note 4 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's consolidated balance sheets.

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

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

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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 December 31, 2018 are as follows:

Transaction Type	Fair Value at December 31, 2018		Valuation Technique(s)	Significant Unobservable Inputs	Range
	Assets	Liabilities			
	(millions)				
Forward contracts - power	\$804	\$ 201	Discounted cash flow	Forward price (per MWh)	\$(30)–\$180
Forward contracts - gas	81	49	Discounted cash flow	Forward price (per MMBtu)	\$1 –\$8
Forward contracts - other commodity related	2	1	Discounted cash flow	Forward price (various)	\$1 –\$63
Options - power	44	8	Option models	Implied correlations	1% –100%
				Implied volatilities	8% –430%
Options - primarily gas	148	152	Option models	Implied correlations	1% –100%
				Implied volatilities	1% –283%
Full requirements and unit contingent contracts	270	155	Discounted cash flow	Forward price (per MWh)	\$(87)–\$801
				Customer migration rate ^(a)	—% –20%
Total	\$1,349	\$ 566			

(a) Applies only to full requirements contracts.

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

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Forward price	Purchase power/gas	Increase (decrease)
	Sell power/gas	Decrease (increase)
Implied correlations	Purchase option	Decrease (increase)
	Sell option	Increase (decrease)
Implied volatilities	Purchase option	Increase (decrease)
	Sell option	Decrease (increase)
Customer migration rate	Sell power ^(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 \$136 million at December 31, 2018 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.

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

	Years Ended December 31,					
	2018		2017		2016	
	NEE	FPL	NEE	FPL	NEE	FPL
(millions)						
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$566	\$—	\$578	\$1	\$538	\$—
Realized and unrealized gains (losses):						
Included in earnings ^(a)	35	(1)	376	—	333	—
Included in other comprehensive income (loss) ^(b)	7	—	(18)	—	8	—
Included in regulatory assets and liabilities	(18)	(18)	—	—	1	1
Purchases	152	(16)	126	—	261	—
Settlements	28	(2)	(317)	(1)	(390)	—
Issuances	(115)	—	(197)	—	(195)	—
Impact of adoption of new revenue standard ^(c)	(30)	—	—	—	—	—
Transfers in ^(d)	—	—	17	—	19	—
Transfers out ^(d)	22	1	1	—	3	—
Fair value of net derivatives based on significant unobservable inputs at December 31	\$647	\$(36)	\$566	\$—	\$578	\$1
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to derivatives held at the reporting date ^(e)	\$100	\$(1)	\$277	\$—	\$219	\$—

For the years ended December 31, 2018, 2017 and 2016, \$48 million, \$379 million and \$397 million of realized (a) and unrealized gains are included in the consolidated statements of income in operating revenues and the balance is included in interest expense.

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

(c) See Note 2.

Transfers into Level 3 were a result of decreased observability of market data. Transfers from Level 3 to Level 2 (d) were a result of increased observability of market data and, in 2016, a favorable change to a credit valuation adjustment. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

For the years ended December 31, 2018, 2017 and 2016, \$112 million, \$281 million and \$283 million of unrealized (e) gains are included in the consolidated statements of income in operating revenues and the balance is included in interest expense.

Contingent Consideration - NEE recorded a liability related to a contingent holdback as part of a 2015 acquisition of a portfolio of seven long-term contracted natural gas pipeline assets located in Texas. Contingent consideration is required to be reported at fair value at each reporting date. NEE determined this fair value based on management's probability assessment. The significant inputs and assumptions used in the fair value measurement included the estimated probability of executing contracts related to financial performance and capital expenditure thresholds as well as the appropriate discount rate. In 2016, NEE recorded fair value adjustments to eliminate the entire contingent holdback as the contracts contemplated in the acquisition were not executed by December 31, 2016. The fair value adjustments are included in revaluation of contingent consideration in NEE's consolidated statements of income.

Nonrecurring Fair Value Measurements - NEE tests long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A wholly owned subsidiary of NEER has a power purchase agreement (PPA) with Duane Arnold's primary customer for the energy and capacity related to NEER's 70% ownership share of Duane Arnold that was set to expire on December 31, 2025. NEER had previously expected Duane Arnold would operate at least until the end of its NRC operating license in February 2034. In early December 2017, NEER concluded that it was unlikely that Duane Arnold's primary customer would extend the current PPA after it was set to expire in 2025. Without the long-term cash flow certainty of a PPA for Duane Arnold's energy and capacity, NEER would likely close Duane Arnold on or about December 31, 2025, the end of the term of the PPA. As a result of the change in Duane Arnold's useful life, NEER updated depreciation and ARO estimates to reflect the December 31, 2025 closure. A recoverability analysis performed by NEER determined that the undiscounted cash flows of Duane Arnold were less than its carrying amount and, accordingly, NEER performed a fair value analysis to determine the amount of the impairment. Based on the fair value analysis, long-lived assets (primarily property, plant and equipment) with a carrying amount of approximately \$502 million were written down to their fair value of \$82 million, resulting in an impairment of \$420 million (\$258 million after tax), which is included in impairment charges in NEE's consolidated statements of income for the year ended December 31, 2017. The estimate of fair value was based on a combination of the income and market value approaches. The income approach utilized a discounted cash flow valuation technique considering contracted revenue rates (Level 2), annual generation forecasts, annual projected capital and maintenance expenditures and a discount rate (all of which are Level 3). The market value approach utilized a transaction involving a comparable nuclear power plant sale in March 2017 and adjusted for certain entity specific assumptions (Level 3). In January 2019, an amendment to the PPA with Duane Arnold's primary customer became effective which shortened the term of the PPA by five years and results in the PPA expiring on December 31, 2020. Operations of Duane Arnold are expected to cease in late 2020, subject to approval by the Midcontinent Independent System Operator.

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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:

	December 31, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds ^(a)	\$884	\$ 883	\$743	\$ 744
Other investments - primarily notes receivable ^(b)	\$54	\$ 54	\$500	\$ 680
Long-term debt, including current portion	\$29,498	\$30,043	\$33,134	\$35,447
FPL:				
Special use funds ^(a)	\$693	\$ 692	\$593	\$ 593
Long-term debt, including current portion	\$11,783	\$12,613	\$11,702	\$13,285

(a) Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis (Level 2).

Included in noncurrent other assets in the consolidated balance sheets. At December 31, 2017, primarily a note receivable (Level 3) classified as held for sale and under contract, along with debt secured by this note receivable (see Note 9 - NEER).

(c) At December 31, 2018 and 2017, substantially all is Level 2 for NEE and all is Level 2 for FPL.

Special Use Funds - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements above) consist of NEE's nuclear decommissioning fund assets of approximately \$5,818 million and \$6,003 million at December 31, 2018 and 2017, respectively, (\$3,987 million and \$4,090 million, respectively, for FPL) and FPL's storm fund assets of \$68 million at December 31, 2018. The investments held in the special use funds consist of equity and debt securities which are primarily carried at estimated fair value. In connection with the adoption of a new accounting standards update as discussed below, available for sale securities include only debt securities in 2018 and debt and equity securities in 2017. The amortized cost of debt securities is approximately \$1,994 million and \$1,921 million at December 31, 2018 and 2017, respectively (\$1,542 million and \$1,443 million, respectively, for FPL). The cost basis of equity securities was approximately \$1,521 million at December 31, 2017 (\$783 million 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 of debt securities result in a corresponding adjustment to OCI, except for unrealized losses considered to be other than temporary, including any credit losses, which are recognized in other - net in NEE's consolidated statements of income. For NEE's non-rate regulated operations, changes in fair value of equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net in NEE's consolidated statements of income. The unrealized gains (losses) recognized during the year ended December 31, 2018 on equity securities held at December 31, 2018 were \$(259) million (\$(131) million for FPL). Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at December 31, 2018 of approximately eight years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at December 31, 2018 of approximately one year. The cost of securities sold is determined using the specific identification method.

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

	NEE			FPL		
	Years Ended			Years Ended		
	December 31,			December 31,		
	2018	2017	2016	2018	2017	2016
	(millions)					
Realized gains	\$51	\$178	\$116	\$31	\$75	\$53
Realized losses	\$75	\$83	\$76	\$49	\$50	\$44
Proceeds from sale or maturity of securities	\$2,551	\$2,817	\$3,400	\$2,100	\$1,902	\$2,442

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

	NEE		FPL	
	December 31,		December 31,	
	2018	2017	2018	2017
	(millions)			
Unrealized gains	\$ 14	\$ 37	\$ 11	\$ 28
Unrealized losses ^(a)	\$ 52	\$ 12	\$ 41	\$ 9
Fair value	\$ 1,273	\$ 918	\$ 961	\$ 670

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at December 31, 2018 and 2017 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 NDFC 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.

Financial Instruments Accounting Standards Update - Effective January 1, 2018, NEE and FPL adopted an accounting standards update which modifies guidance for financial instruments and makes certain changes to presentation and disclosure requirements. The standards update requires that equity investments (except investments accounted for under the equity method and investments that are consolidated) be measured at fair value with changes in fair value recognized in net income. This standards update primarily impacts the equity securities in NEER's special use funds and is expected to result in increased earnings volatility in future periods based on market conditions. NEE and FPL adopted this standards update using the modified retrospective approach with the cumulative effect recognized as an adjustment to retained earnings on January 1, 2018. Upon adoption, NEE reclassified net unrealized after-tax gains of approximately \$312 million from accumulated other comprehensive income (loss) to retained earnings. The implementation of this standards update had no impact on FPL as changes in the fair value of equity securities in FPL's special use funds are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations.

6. Income Taxes

On December 22, 2017, tax reform legislation was signed into law which, among other things, reduced the federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result, NEE, including FPL, performed an analysis to preliminarily revalue its deferred income taxes and included an estimate of changes in the balances in

NEE's and FPL's December 31, 2017 financial statements. At December 31, 2017, the revaluation reduced NEE's net deferred income tax liabilities by approximately \$6.5 billion, of which \$4.5 billion related to net deferred income tax liabilities at FPL and the remaining \$2 billion related to net deferred income tax liabilities at NEER. The \$2 billion reduction in NEER's deferred income tax liabilities increased NEER's 2017 net income. The \$4.5 billion reduction in FPL's deferred income tax liabilities was recorded as a regulatory liability. At December 31, 2018, NEE and FPL have completed the accounting for all of the enactment-date income tax effects of tax reform resulting in no material adjustments in 2018 to the initial provisional amounts recorded. The U.S. Department of Treasury has also released proposed regulations related to the business interest expense limitations and foreign tax credits associated with tax reform. These proposed regulations are not final and are subject to change in the regulatory review process. Effective January 1, 2018, NEE early adopted an accounting standards update that provided entities the option to reclassify certain effects of tax reform from AOCI to retained earnings. Upon adoption, NEE reclassified approximately \$16 million of tax benefits from AOCI to retained earnings.

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The components of income taxes are as follows:

	NEE			FPL		
	Years Ended			Years Ended		
	December 31,			December 31,		
	2018	2017 ^(a)	2016 ^(a)	2018	2017	2016
	(millions)					
Federal:						
Current	\$30	\$100	\$72	\$251	\$168	\$72
Deferred	1,153	(1,047)	1,071	134	776	830
Total federal	1,183	(947)	1,143	385	944	902
State:						
Current	63	88	76	91	29	57
Deferred	330	199	160	63	133	92
Total state	393	287	236	154	162	149
Total income tax expense (benefit)	\$1,576	\$(660)	\$1,379	\$539	\$1,106	\$1,051

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 14.

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

	NEE			FPL		
	Years Ended			Years Ended		
	December 31,			December 31,		
	2018	2017 ^(a)	2016 ^(a)	2018	2017	2016
	21.0 %	35.0 %	35.0 %	21.0 %	35.0 %	35.0 %
Statutory federal income tax rate						
Increases (reductions) resulting from:						
State income taxes - net of federal income tax benefit	4.2	2.9	3.5	4.5	3.5	3.5
Tax reform impact on differential membership interests	1.4	—	—	—	—	—
Tax reform rate change	—	(41.3)	—	—	(0.5)	—
PTCs and ITCs - NEER	(3.0)	(8.4)	(3.9)	—	—	—
Amortization of deferred regulatory credit	(1.8)	—	—	(5.0)	(0.1)	(0.1)
Convertible ITCs - NEER	—	0.6	(1.7)	—	—	—
Adjustments associated with Canadian assets	—	—	(0.7)	—	—	—
Other - net	(0.4)	(3.0)	(0.7)	(0.6)	(0.9)	(0.6)
Effective income tax rate	21.4 %	(14.2)%	31.5 %	19.9 %	37.0 %	37.8 %

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 14.

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The income tax effects of temporary differences giving rise to consolidated deferred income tax liabilities and assets are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2018	2017 ^(a)	2018	2017
	(millions)			
Deferred tax liabilities:				
Property-related	\$9,315	\$9,030	\$6,113	\$6,045
Pension	374	364	357	342
Investments in partnerships and joint ventures	1,925	442	—	—
Other	1,505	1,370	791	584
Total deferred tax liabilities	13,119	11,206	7,261	6,971
Deferred tax assets and valuation allowance:				
Decommissioning reserves	313	306	278	271
Net operating loss carryforwards	350	482	3	3
Tax credit carryforwards	3,259	3,126	—	—
ARO and accrued asset removal costs	310	210	237	146
Regulatory liabilities	1,277	1,267	1,283	1,273
Other	751	720	295	273
Valuation allowance ^(b)	(273)	(252)	—	—
Net deferred tax assets	5,987	5,859	2,096	1,966
Net deferred income taxes	\$7,132	\$5,347	\$5,165	\$5,005

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 14.

(b) Reflects a valuation allowance related to the solar projects in Spain, deferred state tax credits and state operating loss carryforwards.

Deferred tax assets and liabilities are included on the consolidated balance sheets as follows:

	NEE		FPL	
	December 31,		December 31,	
	2018	2017 ^(a)	2018	2017
	(millions)			
Noncurrent other assets	\$235	\$417	\$—	\$—
Deferred income taxes - noncurrent liabilities	(7,367)	(5,764)	(5,165)	(5,005)
Net deferred income taxes	\$(7,132)	\$(5,347)	\$(5,165)	\$(5,005)

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 14.

The components of NEE's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2018 are as follows:

	Amount	Expiration
	(millions)	Dates
Net operating loss carryforwards:		
State	269	2019-2038

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Foreign	81	(a) 2019-2038
Net operating loss carryforwards	\$ 350	
Tax credit carryforwards:		
Federal	\$ 2,915	2028-2038
State	344	(b) 2019-2044
Tax credit carryforwards	\$ 3,259	

(a) Includes \$60 million of net operating loss carryforwards with an indefinite expiration period.

(b) Includes \$188 million of ITC carryforwards with an indefinite expiration period.

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7. Jointly-Owned Electric Plants

Certain NEE subsidiaries own undivided interests in the jointly-owned facilities described below, and are entitled to a proportionate share of the output from those facilities. The subsidiaries are responsible for their share of the operating costs, as well as providing their own financing. Accordingly, each subsidiary's proportionate share of the facilities and related revenues and expenses is included in the appropriate balance sheet and statement of income captions. NEE's and FPL's respective shares of direct expenses for these facilities are included in fuel, purchased power and interchange expense, O&M expenses, depreciation and amortization expense and taxes other than income taxes and other - net in NEE's and FPL's consolidated statements of income.

NEE's and FPL's proportionate ownership interest in jointly-owned facilities is as follows:

	December 31, 2018				
	Ownership Interest	Gross Investment	Accumulated Depreciation ^(a)		Construction Work in Progress
		(millions)			
FPL:					
St. Lucie Unit No. 2	85 %	\$2,227	\$ 912		\$ 51
Scherer Unit No. 4	76 %	\$1,222	\$ 445		\$ 21
NEER:					
Duane Arnold	70 %	\$70	\$ 9		\$ 13
Seabrook	88.23 %	\$1,205	\$ 337		\$ 85
Wyman Station Unit No. 4	87.49 %	\$28	\$ 6		\$ —
Stanton	65 %	\$135	\$ —		\$ —
Corporate and Other:					
Transmission substation assets located in Seabrook, New Hampshire	88.23 %	\$81	\$ 13		\$ 11

(a)Excludes nuclear fuel.

8. Acquisitions

Gulf Power Company - On January 1, 2019, NEE acquired the outstanding common shares of Gulf Power Company (Gulf Power), a rate-regulated electric utility under the jurisdiction of the FPSC. Gulf Power serves more than 460,000 customers in eight counties throughout northwest Florida and has approximately 9,400 miles of transmission and distribution lines and 2,300 MW of electric generating capacity. The aggregate purchase price included approximately \$4.47 billion in cash consideration, excluding post-closing working capital adjustments, and the assumption of approximately \$1.3 billion of Gulf Power debt. The cash purchase price was funded through \$4.5 billion of borrowings by NEECH in December 2018 under certain short-term bi-lateral term loan agreements which mature in June 2019; the proceeds of which borrowings were restricted and included in noncurrent other assets on NEE's consolidated balance sheet at December 31, 2018. NEE incurred approximately \$26 million in acquisition-related costs during the year ended December 31, 2018, which are reflected in merger-related expenses in NEE's consolidated statements of income. NEE is in the process of evaluating the purchase accounting considerations, including the initial purchase price allocation.

Other - In July 2018, NEE acquired the outstanding common shares of the entity that owns Florida City Gas (FCG), which serves approximately 110,000 residential and commercial natural gas customers in Florida's Miami-Dade, Brevard, St. Lucie and Indian River counties with 3,700 miles of natural gas pipeline, for approximately \$530 million in cash subject to certain adjustments. Upon closing, NEE transferred FCG to FPL.

In December 2018, NEE acquired a 100% interest in an entity that indirectly owns Oleander Power Project, an approximately 791 MW natural gas-fired, simple-cycle combustion turbine electric generation facility located near Cocoa, Florida, and a 100% interest in an entity that owns a 65% interest in Stanton Energy Center Unit A, an approximately 660 MW combined-cycle electric generation facility located near Orlando, Florida for approximately \$200 million in cash, subject to certain adjustments.

Trans Bay Cable, LLC - In November 2018, a wholly owned subsidiary of NextEra Energy Transmission, LLC (NEET) entered into an agreement to acquire the outstanding membership interests of Trans Bay Cable, LLC (Trans Bay) for approximately \$1.05 billion, including the assumption of debt, pending, among other things, approval of the California Public Utilities Commission and the FERC. Trans Bay owns and operates a 53-mile, high-voltage direct current underwater transmission cable system in California extending from Pittsburg to San Francisco, with utility rates set by the FERC and revenues paid by the California Independent System Operator. The acquisition is expected to close in late 2019. NEECH guarantees the payment obligation under the agreement.

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9. Variable Interest Entities (VIEs)

At December 31, 2018, NEE had 31 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 \$77 million and \$148 million at December 31, 2018 and 2017, respectively, and consisted primarily of storm-recovery property, which are included in both current and noncurrent regulatory assets on NEE's and FPL's consolidated balance sheets. The liabilities of the VIE were approximately \$76 million and \$147 million at December 31, 2018 and 2017, respectively, and consisted primarily of storm-recovery bonds, which are included in current portion of long-term debt and long-term debt on NEE's and FPL's consolidated balance sheets.

NEER - NEE consolidates 30 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.

Prior to January 1, 2018, a subsidiary of NEER was the primary beneficiary of, and therefore consolidated, NEP, which consolidated NEP OpCo because of NEP's controlling interest as the general partner of NEP OpCo. At December 31, 2017, NEE owned a controlling non-economic general partner interest in NEP and a limited partner interest in NEP OpCo, and presented limited partner interests in NEP and NEP OpCo as a noncontrolling interest in NEE's consolidated financial statements. At December 31, 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 \$8.4 billion and \$6.2 billion, respectively, at December 31, 2017, and primarily consisted of property, plant and equipment and long-term debt. During the third quarter of 2017, changes to NEP's governance structure were made that, among other things, enhanced NEP unitholder governance rights. The new governance structure established a NEP board of directors, which elected board members commenced service in January 2018. As a result of these governance changes, NEP is no longer a VIE and NEP was deconsolidated from NEE in January 2018 (see Note 1 - NextEra Energy Partners, LP) resulting in NEE no longer indirectly consolidating NEP OpCo. NEP OpCo continues to be a VIE and NEE records its noncontrolling interest in NEP OpCo as an equity method investment (See Other below).

Three NEER VIEs consolidate four entities, two of which VIEs were acquired during 2018 (see Note 8 - Other), which own and operate natural gas/oil electric generation facilities with the capability of producing 1,560 MW. These entities sell their electric output under power sales contracts to third parties, with expiration dates ranging from 2020 through 2031. The power sales contracts provide the offtakers the ability to dispatch the facilities and require the offtakers to absorb the cost of fuel. The assets and liabilities of the VIEs were approximately \$257 million and \$21 million, respectively, at December 31, 2018, and consisted primarily of property, plant and equipment. One of the three was a VIE at December 31, 2017; the assets and liabilities of that VIE totaled approximately \$89 million and \$29 million, respectively, 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 photovoltaic (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 \$529 million and \$557 million, respectively, at December 31, 2018 and \$548 million and \$594 million, respectively, at December 31, 2017, and consisted primarily of property, plant and equipment and long-term debt.

In February 2018, NEER sold a special purpose entity for net cash proceeds of approximately \$71 million. In connection with the sale and related consolidating state income tax effects, a gain of approximately \$50 million (approximately \$37 million after tax) was recorded in gains on disposal of investments and other property - net in NEE's consolidated statements of income during the year ended December 31, 2018. Prior to the sale, the special purpose entity had insufficient equity at risk and was considered a VIE. The entity provided a loan in the form of a note receivable (see Note 5 - Fair Value of Financial Instruments Recorded at Other

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than Fair Value) to an unrelated third party, and also issued senior secured bonds which were collateralized by the note receivable. The assets and liabilities of the VIE were approximately \$490 million and \$502 million, respectively at December 31, 2017, and consisted primarily of the note receivable (included in noncurrent other assets and classified as held for sale) and long-term debt.

The other 25 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 6,803 MW and 473 MW, respectively, and own a wind electric generation facility that, upon completion of construction, which is anticipated in the first quarter of 2019, is expected to have a total generating capacity of 278 MW. These entities sell their electric output either under power sales contracts to third parties with expiration dates ranging from 2019 through 2053 or in the spot market. These entities are considered VIEs because the holders of differential membership interests do not have substantive rights over the significant activities of these entities. Certain 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 \$10.2 billion and \$1.4 billion, respectively, at December 31, 2018. There were 31 consolidated VIEs at December 31, 2017 which included 12 NEP-owned projects prior to the NEP deconsolidation; the assets and liabilities of those VIEs totaled approximately \$13.1 billion and \$6.9 billion, respectively. At December 31, 2018 and 2017, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment and long-term debt, and also deferral related to differential membership interests at December 31, 2017.

Other - At December 31, 2018 and 2017, several NEE subsidiaries had investments totaling approximately \$2,668 million (\$2,203 million at FPL) and \$2,634 million (\$2,195 million at FPL), respectively, which are included in special use funds and noncurrent other assets on NEE's consolidated balance sheets and in special use funds on FPL's 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.

Beginning in January 2018, as a result of the deconsolidation of NEP, NEE records its noncontrolling interest in NEP OpCo as an equity method investment. NEE's investment in these entities totaled approximately \$4,680 million and \$248 million at December 31, 2018 and 2017, respectively. Subsidiaries of NEE had committed to invest an additional approximately \$55 million and \$75 million in three of the entities at December 31, 2018 and 2017, respectively.

10. Investments in Partnerships and Joint Ventures

Certain subsidiaries of NEE, primarily NEER, have noncontrolling non-majority owned interests in various partnerships and joint ventures, essentially all of which own or are in the process of developing natural gas pipelines or own electric generation facilities. At December 31, 2018 and 2017, NEE's investments in partnerships and joint ventures totaled approximately \$6,748 million and \$2,321 million, respectively, which are included in investment in equity method investees on NEE's consolidated balance sheets. NEER's interest in these partnerships and joint

ventures primarily range from approximately 31% to 64%. At December 31, 2018 and 2017, the principal entities included in NEER's investments in partnerships and joint ventures were Sabal Trail Transmission, LLC (Sabal Trail) and Mountain Valley Pipeline, LLC, and in 2018 also included NEP OpCo, and in 2017 also included Northeast Energy, LP and Cedar Point II Wind, LP.

Summarized combined information for these principal entities is as follows:

	2018	2017
	(millions)	
Net income	\$632	\$358
Total assets	\$16,334	\$6,001
Total liabilities	\$5,990	\$1,217
Partners'/members' equity ^(a)	\$10,344	\$4,784
NEER's share of underlying equity in the principal entities	\$2,958	\$2,024
Difference between investment carrying amount and underlying equity in net assets ^(b)	3,193	105
NEER's investment carrying amount for the principal entities	\$6,151	\$2,129

(a) 2018 amount reflects NEER's interest, as well as third-party interests, in NEP OpCo.

Primarily associated with NEP OpCo; approximately 70% of the difference between the investment carrying (b) amount and the underlying equity in net assets relates to goodwill and is not being amortized; the remaining balance is being amortized primarily over a period of 22 to 31 years.

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NEER provides management, administrative and transportation and fuel management services to NEP and its subsidiaries under various agreements (service agreements). NEER is also party to a cash sweep and credit support (CSCS) agreement with a subsidiary of NEP. At December 31, 2018, the cash sweep amount (due to NEP and its subsidiaries) held in accounts belonging to NEER or its subsidiaries was approximately \$66 million and is included in accounts payable. Fee income totaling approximately \$94 million related to the CSCS agreement and the service agreements is included in operating revenues in NEE's consolidated statements of income for the year ended December 31, 2018. Amounts due from NEP of approximately \$45 million are included in other receivables and \$34 million are included in noncurrent other assets at December 31, 2018. Under the CSCS agreement, NEECH or NEER guaranteed or provided indemnifications, letters of credit or bonds totaling approximately \$775 million at December 31, 2018 primarily related to obligations on behalf of NEP's subsidiaries with maturity dates ranging from 2019 to 2050 and included certain project performance obligations, obligations under financing and interconnection agreements and obligations related to the sale of differential membership interests. Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded on NEE's consolidated balance sheet at fair value. As a result of deconsolidation, approximately \$33 million related to the fair value of the credit support provided under the CSCS agreement is recorded as noncurrent other liabilities on NEE's consolidated balance sheet at December 31, 2018.

11. Equity

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

	Years Ended December 31, 2018 2017 2016 (millions, except per share amounts)		
Numerator: ^(a)			
Net income attributable to NEE - basic	\$6,638	\$5,380	\$2,906
Adjustment for the impact of dilutive securities at NEP ^(b)	(19)	—	—
Net income attributable to NEE - assuming dilution	\$6,619	\$5,380	\$2,906
Denominator:			
Weighted-average number of common shares outstanding - basic	473.2	468.8	463.1
Equity units, stock options, performance share awards, forward sale agreements and restricted stock ^(c)	3.8	3.7	2.7
Weighted-average number of common shares outstanding - assuming dilution	477.0	472.5	465.8
Earnings per share attributable to NEE: ^(a)			
Basic	\$14.03	\$11.48	\$6.27
Assuming dilution	\$13.88	\$11.39	\$6.24

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 14.

(b) Related to NEP Series A convertible preferred units and NEP's senior unsecured convertible notes (see below).

(c) Calculated using the treasury stock method. Performance share awards are included in diluted weighted-average number of common shares outstanding based

upon what would be issued if the end of the reporting period was the end of the term of the award.

Common shares issuable pursuant to stock options, performance share awards, equity units and/or forward sale agreements, as well as restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 0.1 million, 3.1 million and 7.9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Potentially Dilutive Securities at NEP - In November 2017, NEP issued approximately \$550 million of Series A convertible preferred units representing limited partner interests in NEP (NEP preferred units). Holders of NEP preferred units may elect to convert all or any portion of their NEP preferred units into common units of NEP at any time after June 20, 2019 subject to certain conditions. NEP may elect to convert all or any portion of its NEP preferred units into NEP common units through November 2020 if certain conditions are met and subject to certain maximum conversion amounts. In addition, NEP has senior unsecured convertible notes outstanding of approximately \$300 million at December 31, 2018. Holders of these notes may convert all or any portion of the notes into NEP common units. The NEP preferred units and NEP senior unsecured convertible notes are potentially dilutive securities to NEE.

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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 2017, NEE issued 1,711,345 shares of its common stock to net share settle the forward sale agreements. 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.

Common Stock Dividend Restrictions - NEE's charter does not limit the dividends that may be paid on its common stock. FPL's mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends and other distributions to NEE. These restrictions do not currently limit FPL's ability to pay dividends to NEE.

Stock-Based Compensation - Net income for the years ended December 31, 2018, 2017 and 2016 includes approximately \$82 million, \$76 million and \$77 million, respectively, of compensation costs and \$21 million, \$29 million and \$30 million, respectively, of income tax benefits related to stock-based compensation arrangements. Compensation cost capitalized for the years ended December 31, 2018, 2017 and 2016 was not material. At December 31, 2018, there were approximately \$98 million of unrecognized compensation costs related to nonvested/nonexercisable stock-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 1.8 years.

At December 31, 2018, approximately 15 million shares of common stock were authorized for awards to officers, employees and non-employee directors of NEE and its subsidiaries under NEE's: (a) Amended and Restated 2011 Long Term Incentive Plan, (b) 2017 Non-Employee Directors Stock Plan and (c) earlier equity compensation plans under which shares are reserved for issuance under existing grants, but no additional shares are available for grant under the earlier plans. NEE satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. NEE satisfies stock option exercises by issuing new shares of its common stock. NEE generally grants most of its stock-based compensation awards in the first quarter of each year.

Restricted Stock and Performance Share Awards - Restricted stock typically vests within three years after the date of grant and is subject to, among other things, restrictions on transferability prior to vesting. The fair value of restricted stock is measured based upon the closing market price of NEE common stock as of the date of grant. Performance share awards are typically payable at the end of a three-year performance period if the specified performance criteria are met. The fair value for the majority of performance share awards is estimated based upon the closing market price of NEE common stock as of the date of grant less the present value of expected dividends, multiplied by an estimated performance multiple which is subsequently trued up based on actual performance.

The activity in restricted stock and performance share awards for the year ended December 31, 2018 was as follows:

	Weighted-
	Average
	Grant
Shares	Date
	Fair Value
	Per Share

Restricted Stock:

Nonvested balance, January 1, 2018	511,313	\$ 116.36
Granted	209,983	\$ 155.66
Vested	(238,554)	\$ 113.84
Forfeited	(2,806)	\$ 136.19
Nonvested balance, December 31, 2018	479,936	\$ 134.69
Performance Share Awards:		
Nonvested balance, January 1, 2018	808,408	\$ 110.98
Granted	460,252	\$ 124.22
Vested	(468,571)	\$ 96.70
Forfeited	(17,425)	\$ 115.37
Nonvested balance, December 31, 2018	782,664	\$ 123.47

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2017 and 2016 was \$130.16 and \$112.86 respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2017 and 2016 was \$107.39 and \$89.23, respectively.

The total fair value of restricted stock and performance share awards vested was \$115 million, \$96 million and \$99 million for the years ended December 31, 2018, 2017 and 2016, respectively.

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Options - Options typically vest within three years after the date of grant and have a maximum term of ten years. The exercise price of each option granted equals the closing market price of NEE common stock on the date of grant. The fair value of the options is estimated on the date of the grant using the Black-Scholes option-pricing model and based on the following assumptions:

	2018	2017	2016
Expected volatility ^(a)	14.41%	14.91%	16.37%
Expected dividends	3.05%	3.16%	3.16%
Expected term (years) ^(b)	7.0	7.0	7.0
Risk-free rate	2.83%	2.23%	1.50%

(a) Based on historical experience.

(b) Based on historical exercise and post-vesting cancellation experience adjusted for outstanding awards.

Option activity for the year ended December 31, 2018 was as follows:

	Shares Underlying Options	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2018	2,483,022	\$ 83.45		
Granted	330,071	\$ 154.43		
Exercised	(317,463)	\$ 55.94		
Balance, December 31, 2018	2,495,630	\$ 96.33	5.6	\$ 193
Exercisable, December 31, 2018	1,800,897	\$ 80.29	4.5	\$ 168

The weighted-average grant date fair value of options granted was \$18.05, \$13.25 and \$11.74 per share for the years ended December 31, 2018, 2017 and 2016, respectively. The total intrinsic value of stock options exercised was approximately \$35 million, \$41 million and \$42 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Cash received from option exercises was approximately \$18 million, \$23 million and \$36 million for the years ended December 31, 2018, 2017 and 2016, respectively. The tax benefits realized from options exercised were approximately \$9 million, \$16 million and \$16 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Preferred Stock - NEE's charter authorizes the issuance of 100 million shares of serial preferred stock, \$0.01 par value, none of which are outstanding. FPL's charter authorizes the issuance of 10,414,100 shares of preferred stock, \$100 par value, 5 million shares of subordinated preferred stock, no par value, and 5 million shares of preferred stock, no par value, none of which are outstanding.

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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 Income (Loss) Related to Equity Method Investee	Total
	(millions)					
Balances, December 31, 2015	\$(170)	\$ 174	\$ (62)	\$ (85)	\$ (24)	\$(167)
Other comprehensive income (loss) before reclassifications	—	69	(21)	(5)	2	45
Amounts reclassified from AOCI	70	(a) (18)	(b) —	—	—	52
Net other comprehensive income (loss)	70	51	(21)	(5)	2	97
Balances, December 31, 2016	(100)	225	(83)	(90)	(22)	(70)
Other comprehensive income before reclassifications	—	127	46	23	2	198
Amounts reclassified from AOCI	32	(a) (36)	(b) (2)	(c) —	—	(6)
Net other comprehensive income	32	91	44	23	2	192
Less other comprehensive income attributable to noncontrolling interests	9	—	—	2	—	11
Balances, December 31, 2017	(77)	316	(39)	(69)	(20)	111
Other comprehensive income (loss) before reclassifications	—	(12)	(14)	(31)	4	(53)
Amounts reclassified from AOCI	26	(a) 1	(b) (3)	(c) —	—	24
Net other comprehensive income (loss)	26	(11)	(17)	(31)	4	(29)
Impact of NEP deconsolidation ^(d)	3	—	—	37	18	58
Adoption of accounting standards updates ^(e)	(7)	(312)	(9)	—	—	(328)
Balances, December 31, 2018	\$(55)	\$ (7)	\$ (65)	\$ (63)	\$ 2	\$(188)

(a) Reclassified to interest expense in NEE's consolidated statements of income. See Note 4 - Income Statement Impact of Derivative Instruments.

(b) Reclassified to gains on disposal of investments and other property - net in NEE's consolidated statements of income.

(c) Reclassified to other net periodic benefit income in NEE's consolidated statements of income.

(d) Reclassified and included in gain on NEP deconsolidation. See Note 1 - NextEra Energy Partners, LP.

(e) Reclassified to retained earnings. See Note 5 - Financial Instruments Accounting Standards Update and Note 6.

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12. Debt

Long-term debt consists of the following:

		December 31, 2018			2017		
	Maturity Date	Balance		Weighted- Average Interest Rate	Balance		Weighted- Average Interest Rate
		(millions)			(millions)		
FPL:							
First mortgage bonds - fixed	2020-2048	\$10,626	4.60	%	\$9,145	4.70	%
Storm-recovery bonds - fixed ^(a)	2021	74	5.26	%	144	5.26	%
Pollution control, solid waste disposal and industrial development revenue bonds - primarily variable ^(b)	2020-2048	1,022	2.04	%	966	2.12	%
Senior unsecured notes - variable ^{(c)(d)}	2068	193	2.40	%	—		
Other long-term debt - variable ^(d)	2018-2021	—			1,501	2.01	%
Unamortized debt issuance costs and discount		(132)			(105)		
Total long-term debt of FPL		11,783			11,651		
Less current portion of long-term debt		95			464		
Long-term debt of FPL, excluding current portion		11,688			11,187		
NEECH:							
Debentures - fixed ^(e)	2018-2027	4,300	3.21	%	4,100	3.00	%
Debentures - variable ^(d)	2019-2021	2,341	3.11	%	—		
Debentures, related to NEE's equity units - fixed	2020-2021	1,500	1.65	%	2,200	1.88	%
Junior subordinated debentures - primarily fixed ^(e)	2057-2077	3,456	4.99	%	3,456	4.79	%
Japanese yen denominated senior notes - fixed ^(e)	2030	91	5.13	%	89	5.13	%
Japanese yen denominated term loans - variable ^{(d)(e)}	2020	546	2.76	%	532	2.76	%
Other long-term debt - fixed	2018-2044	818	2.57	%	920	2.46	%
Other long-term debt - variable ^(d)	2019-2023	50	3.53	%	52	2.58	%
Fair value hedge adjustment		(1)			1		
Unamortized debt issuance costs and discount		(88)			(94)		
Total long-term debt of NEECH		13,013			11,256		
Less current portion of long-term debt		2,019			645		
Long-term debt of NEECH, excluding current portion		10,994			10,611		
NEER:							
Senior secured limited-recourse bonds and notes - fixed ^(f)	2020-2038	325	4.25	%	2,114	5.74	%
Senior secured limited-recourse term loans - primarily variable ^{(d)(e)}	2019-2037	3,869	4.39	%	5,165	3.32	%
Senior unsecured notes - fixed ^(e)	2024-2027	—			1,100	4.38	%
Senior unsecured NEP convertible notes - fixed ^(g)	2020	—			300	1.50	%
Other long-term debt - primarily variable ^(d)	2018-2040	601	2.57	%	1,678	^(e) 3.28	%
Unamortized debt issuance costs and premium - net		(93)			(181)		
Total long-term debt of NEER		4,702			10,176		
Less current portion of long-term debt		602	^(h)		564		

Long-term debt of NEER, excluding current portion	4,100	9,612
Total long-term debt	\$26,782	\$31,410

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- (a) Principal on the storm-recovery bonds is due on the final maturity date (the date by which the principal must be repaid to prevent a default) for each tranche, however, it is being paid semiannually and sequentially. Includes approximately \$893 million of variable rate tax exempt bonds that permit individual bondholders to tender the bonds for purchase at any time prior to maturity. In the event these variable rate tax exempt bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the variable rate tax exempt bonds. At December 31, 2018, all variable rate tax exempt bonds tendered for purchase have been successfully remarketed. FPL's bank revolving line of credit facilities are available to support the purchase of the variable rate tax exempt bonds. Variable interest rate is established at various intervals by the remarketing agent. Permit individual noteholders to require repayment prior to maturity, of which approximately \$94 million can be
- (c) required to be repaid beginning in June 2019 and the remainder beginning in November 2019. FPL's bank revolving line of credit facilities are available to support the purchase of the senior unsecured notes.
- (d) Variable rate is based on an underlying index plus a margin. Interest rate contracts, primarily swaps, have been entered into with respect to certain of these debt issuances.
- (e) Additionally, foreign currency contracts have been entered into with respect to the Japanese yen denominated debt. See Note 4.
- (f) Includes approximately \$483 million in 2017 of debt held by a wholly owned subsidiary of NEER and collateralized by a third-party note receivable held by that subsidiary. See Note 9 - NEER. A holder may convert all or any portion of its notes into NEP common units and cash in lieu of any fractional
- (g) common unit at the conversion rate. At December 31, 2017, the conversion rate, subject to certain adjustments, was 18.9170 NEP common units per \$1,000 principal amount of the convertible notes.
- (h) Includes \$365 million of debt as a result of events of default under certain financings caused by the bankruptcy filing of a counterparty to several PPAs.

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Minimum annual maturities of long-term debt for NEE are approximately \$2,389 million, \$1,827 million, \$3,225 million, \$1,272 million and \$1,743 million for 2019, 2020, 2021, 2022 and 2023, respectively. Such amounts include scheduled payments under the financing agreements for debt in default as the lenders have not issued any acceleration notices. The respective amounts for FPL are approximately \$95 million, \$30 million, \$68 million, \$120 million and \$537 million.

At December 31, 2018 and 2017, short-term borrowings had a weighted-average interest rate of 2.95% (2.87% for FPL) and 1.68% (1.68% for FPL), respectively. Subsidiaries of NEE, including FPL, had credit facilities with available capacity at December 31, 2018 of approximately \$10.1 billion (\$3.9 billion for FPL), of which approximately \$9.9 billion (\$3.9 billion for FPL) relate to revolving line of credit facilities and \$0.2 billion (none for FPL) relate to letter of credit facilities. Certain of the revolving line of credit facilities provide for the issuance of letters of credit at December 31, 2018 of up to approximately \$2.2 billion (\$0.6 billion for FPL). The issuance of letters of credit under certain revolving line of credit facilities is subject to the aggregate commitment of the relevant banks to issue letters of credit under the applicable facility.

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

In August 2016, NEE sold \$1.5 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of \$50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series I Debenture due September 1, 2021 issued in the principal amount of \$1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than September 1, 2019 (the final settlement date) for a price of \$50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range of \$127.63 to \$159.54. If purchased on the final settlement date, as of December 31, 2018, the number of shares issued would (subject to antidilution adjustments) range from 0.3954 shares if the applicable market value of a share of common stock is less than or equal to \$127.63 to 0.3162 shares if the applicable market value of a share is equal to or greater than \$159.54, with applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 28, 2019. Total annual distributions on the equity units are at the rate of 6.123%, consisting of interest on the debentures (1.65% per year) and payments under the stock purchase contracts (4.473% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2019. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In August 2018, NEECH completed a remarketing of approximately \$700 million aggregate principal amount of its Series H Debentures due September 1, 2020 (Series H Debentures) that were issued in September 2015 as components of equity units issued concurrently by NEE (September 2015 equity units). The Series H Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Series H Debentures, the interest rate

on the Series H Debentures was reset to 3.342% per year, and interest is payable on March 1 and September 1 of each year, commencing September 1, 2018. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the September 2015 equity units, in the third quarter of 2018, NEE issued 6,215,998 shares of common stock in exchange for \$700 million.

Prior to the issuance of NEE's common stock, the stock purchase contracts, if dilutive, will be reflected in NEE's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of NEE common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the stock purchase contracts over the number of shares that could be purchased by NEE in the market, at the average market price during the period, using the proceeds receivable upon settlement.

13. Asset Retirement Obligations

FPL's AROs relate primarily to the nuclear decommissioning obligations of its nuclear units. FPL's AROs other than nuclear decommissioning obligations are not significant. The accounting provisions result in timing differences in the recognition of legal asset retirement costs for financial reporting purposes and the method the FPSC allows FPL to recover in rates. NEER's AROs relate primarily to the nuclear decommissioning obligations of its nuclear plants and obligations for the dismantlement of certain of its wind and solar facilities. See Note 1 - Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs.

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A rollforward of NEE's and FPL's AROs is as follows:

	FPL	NEER	NEE
		(millions)	
Balances, December 31, 2016	\$1,919	\$ 817	\$2,736
Liabilities incurred	17	59	76
Accretion expense	96	52	148
Liabilities settled	—	(14)	(14) ^(a)
Revision in estimated cash flows - net	15	70	85 ^(b)
Balances, December 31, 2017	2,047	984	3,031
Liabilities incurred	—	49	49
Accretion expense	101	57	158
Liabilities settled	(1)	(25)	(26) ^(c)
Revision in estimated cash flows - net	—	4	4
Impact of NEP deconsolidation	—	(81)	(81) ^(d)
Balances, December 31, 2018	\$2,147	\$ 988	\$3,135

(a) Includes approximately \$13 million reclassified to liabilities associated with assets held for sale included in other current liabilities in NEE's consolidated balance sheets.

(b) Primarily reflects the effect of the revised cost estimate due to the change in useful life of Duane Arnold. See Note 5 - Nonrecurring Fair Value Measurements.

(c) Primarily reflects sale of ownership interests to a subsidiary of NEP. See Note 1 - Disposal of a Business/Assets.

(d) See Note 1 - NextEra Energy Partners, LP.

Restricted funds for the payment of future expenditures to decommission NEE's and FPL's nuclear units included in special use funds on NEE's and FPL's consolidated balance sheets are as follows (see Note 5 - Special Use Funds):

	FPL	NEER	NEE
		(millions)	
Balances, December 31, 2018	\$3,987	\$ 1,831	\$5,818
Balances, December 31, 2017	\$4,090	\$ 1,913	\$6,003

NEE and FPL have identified but not recognized ARO liabilities related to electric transmission and distribution assets and pipelines resulting from easements over property not owned by NEE or FPL. These easements are generally perpetual and only require retirement action upon abandonment or cessation of use of the property or facility for its specified purpose. The ARO liability is not estimable for such easements as NEE and FPL intend to use these properties indefinitely. In the event NEE and FPL decide to abandon or cease the use of a particular easement, an ARO liability would be recorded at that time.

14. Leases

During the fourth quarter of 2018, NEE and FPL adopted the new lease standard by recognizing and measuring leases existing at, or entered into after, January 1, 2016. As permitted by the new lease standard, NEE and FPL elected (i) not to reevaluate land easements if they were not previously accounted for as leases, (ii) to apply hindsight when assessing lease term and impairment of the right-of-use (ROU) asset, (iii) not to apply the recognition requirements to short-term leases and (iv) not to separate nonlease components from associated lease components for substantially all classes of underlying assets. Upon adoption of the new lease standard, NEE recorded an increase to retained earnings

of approximately \$32 million at January 1, 2016 representing the cumulative effect of adopting the new lease standard. Also upon adoption, ROU assets and lease liabilities in connection with operating and finance leases at NEE and FPL, as well as net investments in sales-type leases at NEE, were recorded. ROU assets are included in noncurrent other assets, lease liabilities are included in current and noncurrent other liabilities and net investments in sales-type leases are included in current and noncurrent other assets on NEE's and FPL's consolidated balance sheets. Operating lease expense is included in O&M expenses, amortization expense is included in depreciation and amortization expense and interest income associated with sales-type leases is included in operating revenues in NEE's and FPL's consolidated statements of income. The impact of adopting the new lease standard was not material to NEE's or FPL's financial statements for the periods presented.

NEE has operating and finance leases primarily related to buildings, equipment and land use agreements that convey exclusive use of the land during the arrangement for certain of its renewable energy projects and substations. Operating and finance leases primarily have fixed payments with expiration dates ranging from 2019 to 2051, some of which include options to extend the leases from 1 to 20 years and some have options to terminate at NEE's discretion. At December 31, 2018, NEE's ROU assets and lease liabilities for operating leases totaled approximately \$133 million and \$141 million, respectively; the respective amounts at December 31, 2017 were \$141 million and \$150 million. At December 31, 2018, NEE's ROU assets and lease liabilities for finance leases totaled approximately \$68 million and \$63 million, respectively; the respective amounts at December 31, 2017 were \$75 million and \$72 million. NEE's lease liabilities at December 31, 2018 and 2017 were calculated using a weighted-average incremental borrowing rate at the lease inception of 4.31% and 3.65%, respectively, for operating leases and 2.72% and 2.72%, respectively, for finance leases and a weighted-average remaining lease term of 19 years for operating leases and 10 years for finance leases.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2018, expected lease payments over the remaining terms of the leases were approximately \$330 million with no one year being material. Operating and finance leases did not have a material impact to NEE's consolidated statements of income or cash flows.

NEE has sales-type leases primarily related to three natural gas and/or oil electric generation facilities and certain battery storage facilities that sell their electric output under power sales agreements to third parties which provide the customers the ability to dispatch the facilities. Under the new lease standard, the book value of the leased asset is removed from the balance sheet and a net investment in sales-type lease is recognized based on fixed payments under the contract and the residual value of the asset being leased. At December 31, 2018 and 2017, NEE recorded a net investment in sales-type leases of approximately \$69 million and \$47 million, respectively, and losses at commencement of sales-type leases due to the variable nature of the lease payments of approximately \$20 million for the year ended December 31, 2018, which are recorded in losses (gains) on disposal of a business/assets - net in NEE's consolidated statements of income. The power sales agreements have expiration dates from 2020 to 2027 for the natural gas and/or oil generation facilities and 2026 to 2043 for the battery storage facilities. At December 31, 2018, NEE expects to receive approximately \$200 million of lease payments over the remaining terms of the power sales agreements with no one year being material.

Upon adoption of the new lease standard, certain of NEE's renewable power sales agreements that were accounted for under the previous lease guidance are now accounted for under the revenue standard. Revenues recognized related to the power sales agreements are consistent with historical amounts recorded under the previous lease guidance. See Note 2.

15. 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 equity contributions to joint ventures for the development and construction of natural gas pipeline assets. Capital expenditures for Corporate and Other primarily include the cost to maintain existing transmission facilities at NEET. Also see Note 8 - Gulf Power Company.

At December 31, 2018, estimated capital expenditures for 2019 through 2023 for which applicable internal approvals (and also, if required, regulatory approvals such as FPSC approvals for FPL) have been received were as follows:

	2019	2020	2021	2022	2023	Total
	(millions)					
FPL:						
Generation: ^(a)						
New ^(b)	\$1,250	\$875	\$1,025	\$920	\$790	\$4,860
Existing	1,255	600	820	710	500	3,885
Transmission and distribution	2,840	2,680	3,155	2,640	2,545	13,860
Nuclear fuel	200	205	220	165	120	910
General and other	635	515	430	270	240	2,090
Total	\$6,180	\$4,875	\$5,650	\$4,705	\$4,195	\$25,605

NEER:

Wind ^(c)	\$2,235	\$995	\$20	\$20	\$20	\$3,290
Solar ^(d)	470	150	—	—	5	625
Nuclear, including nuclear fuel	210	160	165	185	130	850
Natural gas pipelines ^(e)	705	130	20	20	—	875
Other	650	50	40	35	35	810
Total	\$4,270	\$1,485	\$245	\$260	\$190	\$6,450
Corporate and Other	\$70	\$50	\$25	\$10	\$5	\$160

(a) Includes AFUDC of approximately \$67 million, \$59 million, \$74 million, \$62 million and \$36 million for 2019 through 2023, 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 4,395 MW.

(d) Includes capital expenditures for new solar projects and related transmission totaling approximately 575 MW.

(e) Construction of a natural gas pipeline is subject to certain conditions, including FERC approval. In addition, completion of another natural gas pipeline is subject to final permitting.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contracts - In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has firm commitments under long-term contracts primarily for the transportation of natural gas and coal with expiration dates through 2042.

At December 31, 2018, NEER has entered into contracts with expiration dates ranging from late February 2019 through 2033 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium, and the conversion, enrichment and fabrication of nuclear fuel and has made commitments for the construction of natural gas pipelines. 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 transportation and storage of natural gas with expiration dates ranging from March 2019 through 2038.

The required capacity and/or minimum payments under contracts, including those discussed above at December 31, 2018, were estimated as follows:

	2019	2020	2021	2022	2023	Thereafter
	(millions)					
FPL ^(a)	\$985	\$990	\$985	\$970	\$960	\$ 11,495
NEER ^(b)	\$2,215	\$390	\$170	\$185	\$105	\$ 1,365
Corporate and Other ^{(c)(d)}	\$45	\$30	\$15	\$10	\$5	\$ —

(a) Includes approximately \$320 million, \$385 million, \$415 million, \$415 million, \$410 million and \$7,175 million in 2019 through 2023 and thereafter, respectively, of firm commitments related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection, LLC. The charges associated with these agreements are recoverable through the fuel clause and totaled approximately \$303 million and \$155 million for the years ended December 31, 2018 and 2017, respectively, of which \$95 million and \$41 million, respectively, were eliminated in consolidation at NEE.

(b) Includes approximately \$15 million, \$65 million, \$65 million, \$65 million, \$65 million and \$1,020 million in 2019 through 2023 and thereafter, respectively, of firm commitments related to a natural gas transportation agreement with a joint venture, in which NEER has a 31% equity investment, that is constructing a natural gas pipeline. These firm commitments are subject to the completion of construction of the pipeline which is expected at the end of 2019.

(c) Includes an approximately \$55 million commitment to invest in clean power and technology businesses through 2022.

(d) Excludes approximately \$20 million in 2019 of joint obligations of NEECH and NEER which are included in the NEER amounts above.

Insurance - Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains \$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 \$13.6 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to \$1.1 billion (\$550 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed \$164 million (\$82 million for FPL) per incident per year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which

approximates \$16 million, \$41 million and \$20 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides \$2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of \$1.5 billion for non-nuclear perils, except for Duane Arnold which has a sublimit of \$1.0 billion. NEE participates in co-insurance of 10% of the first \$400 million of losses per site per occurrence. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to \$177 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. If FPL's future storm restoration costs exceed the storm reserve, 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. See Note 1 - Storm Fund and Storm Reserve.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. 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. See Note 2 for information regarding NEE's and FPL's operating revenues.

NEE's segment information is as follows:

	2018				2017 ^(a)				2016 ^(a)			
	FPL	NEER ^(b)	Corp. and Other	NEE Consolidated	FPL	NEER ^(b)	Corp. and Other	NEE Consolidated	FPL	NEER ^(b)	Corp. and Other	NEE Consolidated
	(millions)											
Operating revenues	\$11,862	\$4,878	\$(13)	\$16,727	\$11,972	\$5,164	\$37	\$17,173	\$10,895	\$4,876	\$367	\$16,139
Operating expenses - net	\$8,708	\$3,568	\$171	\$12,447	\$8,582	\$4,296	\$(878)	\$12,000	\$7,734	\$3,411	\$534	\$11,679
Interest expense	\$541	\$581	\$376	\$1,498	\$481	\$801	\$276	\$1,558	\$459	\$733	\$(94)	\$1,098
Interest income	\$4	\$40	\$7	\$51	\$2	\$72	\$7	\$81	\$2	\$34	\$46	\$82
Depreciation and amortization	\$2,633	\$1,205	\$73	\$3,911	\$940	\$1,393	\$24	\$2,357	\$1,700	\$1,360	\$60	\$3,120
Equity in earnings of investees	\$—	\$320	\$38	\$358	\$—	\$136	\$5	\$141	\$—	\$119	\$29	\$148
Income tax expense (benefit) ^(d)	\$539	\$1,187	\$(150)	\$1,576	\$1,106	\$(2,031)	\$265	\$(660)	\$1,051	\$238	\$90	\$1,379
Net income (loss)	\$2,171	\$3,802	\$(197)	\$5,776	\$1,880	\$2,907	\$536	\$5,323	\$1,727	\$1,211	\$61	\$2,999
Net income (loss) attributable to NEE	\$2,171	\$4,664	\$(197)	\$6,638	\$1,880	\$2,964	\$536	\$5,380	\$1,727	\$1,118	\$61	\$2,906
Capital expenditures, independent power and other investments and nuclear fuel	\$5,135	\$7,138	\$731	\$13,004	\$5,291	\$5,375	\$74	\$10,740	\$3,934	\$5,521	\$181	\$9,636

purchases													
Property,													
plant and	\$54,717	\$36,063	\$1,303	\$92,083	\$51,915	\$40,615	\$1,035	\$93,565	\$48,247	\$37,495	\$1,056	\$86,7	
equipment													
Accumulated													
depreciation	\$13,218	\$8,364	\$167	\$21,749	\$12,791	\$8,371	\$114	\$21,276	\$12,295	\$7,580	\$143	\$20,0	
and													
amortization													
Total assets	\$53,484	\$43,530	\$6,688	\$103,702	\$50,254	\$45,671	\$2,038	\$97,963	\$45,887	\$41,835	\$2,752	\$90,4	
Investment in													
equity													
method	\$—	\$6,494	\$254	\$6,748	\$—	\$2,153	\$168	\$2,321	\$—	\$1,661	\$106	\$1,76	
investees													

(a) Amounts have been retrospectively adjusted as discussed in Note 14 and Note 3 - Amendments to Presentation of Retirement Benefits.

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

(c) NEP was deconsolidated from NEER in January 2018. See Note 1 - NextEra Energy Partners, LP.

(d) NEER includes PTCs that were recognized based on its tax sharing agreement with NEE. See Note 1 - Income Taxes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. 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

	Year Ended December 31, 2018				Year Ended December 31, 2017 ^(a)				Year Ended December 31, 2016			
	NEE		NEE	NEE	NEE		NEE	NEE	NEE		NEE	NEE
	(Guaran-	Other ^(b)	Consoli-	(Guaran-	Other ^(b)	Consoli-	(Guaran-	Other ^(b)	Consoli-	(Guaran-	Other ^(b)	Consoli-
	tor)		dated	tor)		dated	tor)		dated	tor)		dated
	(millions)											
Operating revenues	\$—	\$5,007	\$11,720	\$16,727	\$—	\$5,301	\$11,872	\$17,173	\$—	\$5,266	\$10,872	\$16,138
Operating expenses - net	(196)	(3,652)	(8,599)	(12,447)	(175)	(3,273)	(8,552)	(12,000)	(163)	(3,655)	(7,861)	(11,619)
Interest expense	(17)	(940)	(541)	(1,498)	(3)	(1,074)	(481)	(1,558)	(1)	(637)	(460)	(1,105)
Equity in earnings of subsidiaries	6,548	—	(6,548)	—	5,393	—	(5,393)	—	2,950	—	(2,950)	—
Equity in earnings of equity method investees	—	358	—	358	—	141	—	141	—	148	—	148
Gain on NEP deconsolidation	—	3,927	—	3,927	—	—	—	—	—	—	—	—
Other income - net	169	21	95	285	151	702	54	907	148	645	76	869
Income (loss) before income taxes	6,504	4,721	(3,873)	7,352	5,366	1,797	(2,500)	4,663	2,934	1,767	(323)	4,378
Income tax expense (benefit)	(134)	1,195	515	1,576	(14)	(1,719)	1,073	(660)	28	350	1,001	1,379
Net income (loss)	6,638	3,526	(4,388)	5,776	5,380	3,516	(3,573)	5,323	2,906	1,417	(1,324)	2,907
Net (income) loss attributable to noncontrolling interests	—	862	—	862	—	57	—	57	—	(93)	—	(93)
Net income (loss) attributable to	\$6,638	\$4,388	\$(4,388)	\$6,638	\$5,380	\$3,573	\$(3,573)	\$5,380	\$2,906	\$1,324	\$(1,324)	\$2,900

NEE

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- (a) Amounts have been retrospectively adjusted as discussed in Note 14 and Note 3 - Amendments to Presentation of Retirement Benefits.
- (b) Represents primarily FPL and consolidating adjustments.

Condensed Consolidating Statements of Comprehensive Income

	Year Ended December 31, 2018			Year Ended December 31, 2017 ^(a)			Year Ended December 31, 2016 ^(a)		
	NEE	NEE	NEE	NEE	NEE	NEE	NEE	NEE	NEE
	(GuaranNEECHOther ^(b)	Consoli-	(GuaranNEECHOther ^(b)	Consoli-	(GuaranNEECHOther ^(b)	Consoli-	(GuaranNEECHOther ^(b)	Consoli-	(GuaranNEECHOther ^(b)
	tor)	dated	tor)	dated	tor)	dated	tor)	dated	tor)
	(millions)								
Comprehensive income (loss) attributable to NEE	\$6,667	\$4,434	\$(4,434)	\$6,667	\$5,561	\$3,710	\$(3,710)	\$5,561	\$3,003
	\$1,442	\$(1,442)		\$1,442	\$(1,442)		\$1,442	\$(1,442)	
	\$3,003			\$3,003			\$3,003		

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- (a) Amounts have been retrospectively adjusted as discussed in Note 14.
- (b) Represents primarily FPL and consolidating adjustments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed Consolidating Balance Sheets

	December 31, 2018				December 31, 2017 ^(a)			
	NEE (Guaran- tor) (millions)	NEECH	Other ^(b)	NEE Consoli- dated	NEE (Guaran- tor)	NEECH	Other ^(b)	NEE Consoli- dated
PROPERTY, PLANT AND EQUIPMENT								
Electric plant in service and other property	\$220	\$37,145	\$54,718	\$92,083	\$20	\$41,630	\$51,915	\$93,565
Accumulated depreciation and amortization	(58)	(8,473)	(13,218)	(21,749)	(15)	(8,470)	(12,791)	(21,276)
Total property, plant and equipment - net	162	28,672	41,500	70,334	5	33,160	39,124	72,289
CURRENT ASSETS								
Cash and cash equivalents	(1)	525	114	638	1	1,679	34	1,714
Receivables	292	1,771	906	2,969	442	1,633	662	2,737
Other	5	1,425	1,356	2,786	5	1,307	1,418	2,730
Total current assets	296	3,721	2,376	6,393	448	4,619	2,114	7,181
OTHER ASSETS								
Investment in subsidiaries	33,397	—	(33,397)	—	27,853	—	(27,853)	—
Investment in equity method investees	—	6,748	—	6,748	—	2,321	—	2,321
Other	938	6,477	12,812	20,227	595	7,789	7,788	16,172
Total other assets	34,335	13,225	(20,585)	26,975	28,448	10,110	(20,065)	18,493
TOTAL ASSETS	\$34,793	\$45,618	\$23,291	\$103,702	\$28,901	\$47,889	\$21,173	\$97,963
CAPITALIZATION								
Common shareholders' equity	\$34,144	\$7,917	\$(7,917)	\$34,144	\$28,236	\$10,773	\$(10,773)	\$28,236
Noncontrolling interests	—	3,269	—	3,269	—	1,295	—	1,295
Redeemable noncontrolling interests	—	468	—	468	—	—	—	—
Long-term debt	—	15,094	11,688	26,782	—	20,224	11,186	31,410
Total capitalization	34,144	26,748	3,771	64,663	28,236	32,292	413	60,941
CURRENT LIABILITIES								
Debt due within one year	—	9,579	1,351	10,930	—	1,213	2,402	3,615
Accounts payable	32	1,730	624	2,386	3	2,427	805	3,235
Other	168	2,364	1,715	4,247	325	2,081	1,987	4,393
Total current liabilities	200	13,673	3,690	17,563	328	5,721	5,194	11,243
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	—	988	2,147	3,135	—	984	2,047	3,031
Deferred income taxes	(157)	2,778	4,746	7,367	(82)	1,257	4,589	5,764
Other	606	1,431	8,937	10,974	419	7,635	8,930	16,984
Total other liabilities and deferred credits	449	5,197	15,830	21,476	337	9,876	15,566	25,779

COMMITMENTS AND
CONTINGENCIES

TOTAL CAPITALIZATION AND LIABILITIES	\$34,793	\$45,618	\$23,291	\$103,702	\$28,901	\$47,889	\$21,173	\$97,963
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(a) Amounts have been retrospectively adjusted as discussed in Note 14.

(b) Represents primarily FPL and consolidating adjustments.

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NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2018			Year Ended December 31, 2017 ^(a)			Year Ended December 31, 2016 ^(a)					
	NEE (Guar- antor) (millions)	NEECH	Other ^(b)	NEE Consoli- dated	NEE (Guar- antor)	NEECH	Other ^(b)	NEE Consoli- dated	NEE (Guar- antor)	NEECH	Other ^(b)	NEE Consoli- dated
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$3,401	\$2,094	\$1,098	\$6,593	\$1,968	\$2,749	\$1,741	\$6,458	\$1,897	\$2,155	\$2,317	\$6,3
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures, independent power and other investments and nuclear fuel purchases	(132)	(7,735)	(5,137)	(13,004)	—	(5,449)	(5,291)	(10,740)	(1)	(5,701)	(3,934)	(9,63
Capital contributions from NEE	(6,270)	—	6,270	—	(92)	—	92	—	(745)	—	745	—
Cash grants under the Recovery Act	—	3	—	3	—	78	—	78	—	335	—	335
Proceeds from sale of the fiber-optic telecommunications business	—	—	—	—	—	1,454	—	1,454	—	—	—	—
Sale of independent power and other investments of NEER	—	1,617	—	1,617	—	178	—	178	—	658	—	658
Proceeds from sale or maturity of securities in special use funds and other investments	—	1,178	2,232	3,410	9	1,221	1,977	3,207	—	1,281	2,495	3,77
Purchases of securities in special use funds and other investments	—	(1,330)	(2,403)	(3,733)	—	(1,163)	(2,081)	(3,244)	—	(1,323)	(2,506)	(3,82
	—	—	—	—	—	—	—	—	—	645	—	645

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Proceeds from sales of noncontrolling interests in NEP												
Distributions from subsidiaries and equity method investees	4,466	637	(4,466)	637	—	7	—	7	—	—	—	—
Other - net	12	(133)	241	120	7	117	18	142	—	(19)	24	5
Net cash used in investing activities	(1,924)	(5,763)	(3,263)	(10,950)	(76)	(3,557)	(5,285)	(8,918)	(746)	(4,124)	(3,176)	(8,000)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuances of long-term debt	—	2,651	1,748	4,399	—	6,393	1,961	8,354	—	5,349	308	5,657
Retirements of long-term debt	—	(1,512)	(1,590)	(3,102)	—	(5,907)	(873)	(6,780)	—	(3,048)	(262)	(3,312)
Proceeds from differential membership investors	—	1,841	—	1,841	—	1,414	—	1,414	—	1,859	—	1,859
Net change in commercial paper	—	1,493	(431)	1,062	—	—	1,419	1,419	—	(318)	212	(106)
Proceeds from other short-term debt	—	5,665	—	5,665	—	—	450	450	—	—	500	500
Repayments of other short-term debt	—	(205)	(250)	(455)	—	—	(2)	(2)	—	(212)	(450)	(662)
Payments to related parties under CSCS agreement – net	—	(21)	—	(21)	—	—	—	—	—	—	—	—
Issuances of common stock - net	718	—	—	718	55	—	—	55	537	—	—	537
Proceeds from issuance of NEP convertible preferred units - net	—	—	—	—	—	548	—	548	—	—	—	—
Dividends on common stock	(2,101)	—	—	(2,101)	(1,845)	—	—	(1,845)	(1,612)	—	—	(1,612)
Contributions from (dividends to) NEE	—	(7,272)	7,272	—	—	(633)	633	—	—	(650)	650	—
Other - net	(96)	(238)	(38)	(372)	(102)	(601)	(22)	(725)	(75)	(318)	(46)	(439)
Net cash provided by (used in) financing activities	(1,479)	2,402	6,711	7,634	(1,892)	1,214	3,566	2,888	(1,150)	2,662	912	2,422
Effects of currency translation on cash, cash equivalents and restricted cash	—	(7)	—	(7)	—	26	—	26	—	10	—	10
Net increase (decrease) in cash,	(2)	(1,274)	4,546	3,270	—	432	22	454	1	703	53	757

cash equivalents and
restricted cash

Cash, cash

equivalents and
restricted cash at
beginning of year

1	1,807	175	1,983	1	1,375	153	1,529	—	672	100	772
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Cash, cash

equivalents and
restricted cash at
end of year

\$(1)	\$533	\$4,721	\$5,253	\$1	\$1,807	\$175	\$1,983	\$1	\$1,375	\$153	\$1,5
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(a) Amounts have been retrospectively adjusted as discussed in Note 14.

(b) Represents primarily FPL and consolidating adjustments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Concluded)

18. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information is as follows:

	March 31 ^{(a)(b)}	June 30 ^{(a)(b)}	September 30 ^{(a)(b)}	December 31 ^{(a)(b)}
	(millions, except per share amounts)			
NEE:				
2018				
Operating revenues ^(c)	\$3,857	\$4,063	\$ 4,416	\$ 4,390
Operating income ^(c)	\$1,059	\$1,146	\$ 968	\$ 1,107
Net income ^{(c)(d)}	\$3,834	\$687	\$ 941	\$ 314
Net income attributable to NEE ^{(c)(d)(e)}	\$4,431	\$781	\$ 1,005	\$ 422
Earnings per share attributable to NEE - basic ^{(d)(e)(f)}	\$9.41	\$1.66	\$ 2.12	\$ 0.88
Earnings per share attributable to NEE - assuming dilution ^{(d)(e)(f)}	\$9.32	\$1.61	\$ 2.10	\$ 0.88
Dividends per share	\$1.11	\$1.11	\$ 1.11	\$ 1.11
	\$164.41	\$169.53		
High-low common stock sales prices	-	-	\$175.65 -	\$184.20 -
	\$145.10	\$155.06	\$163.52	\$164.78
2017				
Operating revenues ^(c)	\$3,967	\$4,399	\$ 4,803	\$ 4,004
Operating income ^{(c)(g)}	\$2,362	\$1,276	\$ 1,350	\$ 186
Net income ^{(c)(g)}	\$1,591	\$804	\$ 856	\$ 2,072
Net income attributable to NEE ^{(c)(g)}	\$1,583	\$793	\$ 846	\$ 2,158
Earnings per share attributable to NEE - basic ^{(f)(g)}	\$3.39	\$1.70	\$ 1.80	\$ 4.59
Earnings per share attributable to NEE - assuming dilution ^{(f)(g)}	\$3.37	\$1.68	\$ 1.79	\$ 4.55
Dividends per share	\$0.9825	\$0.9825	\$ 0.9825	\$ 0.9825
	\$133.28	\$144.87		
High-low common stock sales prices	-	-	\$151.60 -	\$159.40 -
	\$117.33	\$127.09	\$138.00	\$145.62
FPL:				
2018				
Operating revenues ^(c)	\$2,620	\$2,908	\$ 3,399	\$ 2,935
Operating income ^(c)	\$707	\$921	\$ 917	\$ 609
Net income ^(c)	\$484	\$626	\$ 654	\$ 407
2017				
Operating revenues ^(c)	\$2,527	\$3,091	\$ 3,477	\$ 2,877
Operating income ^(c)	\$811	\$940	\$ 1,022	\$ 617
Net income ^(c)	\$445	\$526	\$ 566	\$ 344

(a)

In the opinion of NEE and FPL management, all adjustments, which consist of normal recurring accruals necessary to present a fair statement of the amounts shown for such periods, have been made. Results of operations for an interim period generally will not give a true indication of results for the year.

- (b) Prior period amounts have been retrospectively adjusted as discussed in Note 14 and Note 3 - Amendments to Presentation of Retirement Benefits.
- (c) The sum of the quarterly amounts may not equal the total for the year due to rounding.
- (d) First quarter of 2018 includes gain on the deconsolidation of NEP (see Note 1 - NextEra Energy Partners, LP).
First quarter of 2018 reflects a reduction of differential membership interests as a result of a change in the federal
- (e) corporate income tax rate effective January 1, 2018, which is included in net loss attributable to noncontrolling interests.
- (f) The sum of the quarterly amounts may not equal the total for the year due to rounding and changes in weighted-average number of common shares outstanding.
First quarter of 2017 includes gain on disposal of a business (see Note 1 - Disposal of a Business/Assets); fourth
- (g) quarter of 2017 includes impairment charges (see Note 5 - Nonrecurring Fair Value Measurements) and net favorable tax reform impacts (see Note 6).

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2018, 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 December 31, 2018.

Internal Control Over Financial Reporting

- (a) Management's Annual Report on Internal Control Over Financial Reporting

See Item 8. Financial Statements and Supplementary Data.

- (b) Attestation Report of the Independent Registered Public Accounting Firm

See Item 8. Financial Statements and Supplementary Data.

- (c) 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.

Item 9B. Other Information

None

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the headings "Business of the Annual Meeting," "Information About NextEra Energy and Management" and "Corporate Governance and Board Matters" in NEE's Proxy Statement which will be filed with the SEC in connection with the 2019 Annual Meeting of Shareholders (NEE's Proxy Statement) and is incorporated herein by reference, or is included in Item 1. Business - Executive Officers of NEE.

NEE has adopted the NextEra Energy, Inc. Code of Ethics for Senior Executive and Financial Officers (the Senior Financial Executive Code), which is applicable to the chief executive officer, the chief financial officer, the chief accounting officer and other senior executive and financial officers. The Senior Financial Executive Code is available under Corporate Governance in the Investor Relations section of NEE's internet website at www.nexteraenergy.com. Any amendments or waivers of the Senior Financial Executive Code which are required to be disclosed to shareholders under SEC rules will be disclosed on the NEE website at the address listed above.

Item 11. Executive Compensation

The information required by this item will be included in NEE's Proxy Statement under the headings "Executive Compensation" and "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management will be included in NEE's Proxy Statement under the heading "Information About NextEra Energy and Management" and is incorporated herein by reference.

Securities Authorized For Issuance Under Equity Compensation Plans

NEE's equity compensation plan information at December 31, 2018 is as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,250,043	(a) \$ 96.33	(b) 7,565,475 (c)

Equity compensation plans not approved by security holders	—	—	—
Total	4,250,043	\$ 96.33	7,565,475

-
- (a) Includes an aggregate of 2,495,630 outstanding options, 1,585,180 unvested performance share awards (at maximum payout), 22,446 deferred fully vested performance shares and 116,825 deferred stock awards (including future reinvested dividends) under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan and former LTIP, and 29,962 fully vested shares deferred by directors under the NextEra Energy, Inc. 2007 Non-Employee Directors Stock Plan and its predecessor, the FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan.
- (b) Relates to outstanding options only.
- (c) Includes 7,079,865 shares under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan and 485,610 shares under the NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item, to the extent applicable, will be included in NEE's Proxy Statement under the heading "Corporate Governance and Board Matters" and is incorporated herein by reference.

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Item 14. Principal Accounting Fees and Services

NEE - The information required by this item will be included in NEE's Proxy Statement under the heading "Audit-Related Matters" and is incorporated herein by reference.

FPL - The following table presents fees billed for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche) for the fiscal years ended December 31, 2018 and 2017. The amounts presented below reflect allocations from NEE for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2018	2017
Audit fees ^(a)	\$3,895,000	\$3,998,000
Audit-related fees ^(b)	84,000	4,000
Tax fees ^(c)	256,000	94,000
All other fees ^(d)	7,000	22,000
Total	\$4,242,000	\$4,118,000

Audit fees consist of fees billed for professional services rendered for the audit of FPL's and NEE's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL's and NEE's Quarterly Reports on Form 10-Q during the fiscal year and the audit of the effectiveness of internal control over financial reporting, comfort letters, consents, and other services related to SEC matters and services in connection with annual and semi-annual filings of NEE's financial statements with the Japanese Ministry of Finance.

Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of FPL's and NEE's consolidated financial statements and are not reported under audit fees. These fees primarily relate to attestation services.

Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. In 2018 and 2017, approximately \$22,000 and \$7,000, respectively, was paid related to tax advice and planning services. All other tax fees in 2018 and in 2017 related to tax compliance services.

All other fees consist of fees for products and services other than the services reported under the other named categories. In 2018 and 2017, these fees related to training.

In accordance with the requirements of the Sarbanes-Oxley Act of 2002, the Audit Committee Charter and the Audit Committee's pre-approval policy for services provided by the independent registered public accounting firm, all services performed by Deloitte & Touche are approved in advance by the Audit Committee, except for audits of certain trust funds where the fees are paid by the trust. Audit and audit-related services specifically identified in an appendix to the pre-approval policy are pre-approved by the Audit Committee each year. This pre-approval allows management to request the specified audit and audit-related services on an as-needed basis during the year, provided any such services are reviewed with the Audit Committee at its next regularly scheduled meeting. Any audit or audit-related service for which the fee is expected to exceed \$250,000, or that involves a service not listed on the pre-approval list, must be specifically approved by the Audit Committee prior to commencement of such service. In addition, the Audit Committee approves all services other than audit and audit-related services performed by Deloitte & Touche in advance of the commencement of such work. The Audit Committee has delegated to the Chair of the committee the right to approve audit, audit-related, tax and other services, within certain limitations, between meetings of the Audit Committee, provided any such decision is presented to the Audit Committee at its next regularly scheduled meeting. At each Audit Committee meeting (other than meetings held to review earnings materials), the Audit Committee reviews a schedule of services for which Deloitte & Touche has been engaged since the prior Audit

Committee meeting under existing pre-approvals and the estimated fees for those services. In 2018 and 2017, none of the amounts presented above represent services provided to NEE or FPL by Deloitte & Touche that were approved by the Audit Committee after services were rendered pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X (which provides for a waiver of the otherwise applicable pre-approval requirement if certain conditions are met).

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PART IV

Item 15. Exhibits, Financial Statement Schedules

	Page(s)
(a) 1. Financial Statements	
Management's Report on Internal Control Over Financial Reporting	<u>58</u>
Attestation Report of Independent Registered Public Accounting Firm	<u>59</u>
Report of Independent Registered Public Accounting Firm	<u>60</u>
NEE:	
Consolidated Statements of Income	<u>61</u>
Consolidated Statements of Comprehensive Income	<u>62</u>
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Consolidated Statements of Equity	<u>65</u>
FPL:	
Consolidated Statements of Income	<u>66</u>
Consolidated Balance Sheets	<u>67</u>
Consolidated Statements of Cash Flows	<u>68</u>
Consolidated Statements of Common Shareholder's Equity	<u>69</u>
Notes to Consolidated Financial Statements	<u>70 - 114</u>
2. Financial Statement Schedules - Schedules are omitted as not applicable or not required.	
3. Exhibits (including those incorporated by reference)	
Certain exhibits listed below refer to "FPL Group" and "FPL Group Capital," and were effective prior to the change of the name FPL Group, Inc. to NextEra Energy, Inc., and of the name FPL Group Capital Inc to NextEra Energy Capital Holdings, Inc., during 2010.	

Exhibit Number	Description	NEE	FPL
*2(a)	<u>Stock Purchase Agreement by and among The Southern Company, 700 Universe, LLC and NextEra Energy, Inc. dated as of May 20, 2018 (filed as Exhibit 2(a) to Form 8-K dated May 23, 2018, File No. 1-8841)**</u>	x	
*2(b)	<u>Stock Purchase Agreement by and among NUI Corporation, Southern Company Gas, 700 Universe, LLC and NextEra Energy, Inc. dated as of May 20, 2018 (filed as Exhibit 2(b) to Form 8-K dated May 23, 2018, File No. 1-8841)**</u>	x	
*3(i)a	<u>Restated Articles of Incorporation of NextEra Energy, Inc. (filed as Exhibit 3(i)(b) to Form 8-K dated May 21, 2015, File No. 1-8841)</u>	x	
*3(i)b	<u>Restated Articles of Incorporation of Florida Power & Light Company (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 2010, File No. 2-27612)</u>		x
*3(ii)a	<u>Amended and Restated Bylaws of NextEra Energy, Inc., effective October 14, 2016 (filed as Exhibit 3(ii)(b) to Form 8-K dated October 14, 2016, File No. 1-8841)</u>	x	
*3(ii)b	<u>Amended and Restated Bylaws of Florida Power & Light Company, Inc., as amended through October 17, 2008 (filed as Exhibit 3(ii)b to Form 10-Q for the quarter ended September 30,</u>		x

2008, File No. 2-27612)

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Exhibit Number	Description	NEE	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, as amended, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; <u>Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612; Exhibit 4 to Form 8-K dated December 9, 2010, File No. 2-27612; Exhibit 4(a) to Form 8-K dated June 10, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated December 13, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated December 20, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated June 5, 2013, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated September 10, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated November 19, 2015, File No. 2-27612; Exhibit 4(b) to Form 10-K dated December 31, 2017, File No. 2-27612; Exhibit 4(a) to Form 10-Q dated March 31, 2018, File No. 2-27612; Exhibit 4(j), File No. 333-226056, 333-226056-01 and 333-226056-02; and Exhibit 4(k) File No. 333-226056, 333-226056-01 and 333-226056-02)</u> <u>Indenture (For Unsecured Debt Securities), dated as of November 1, 2017, between Florida Power & Light Company and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated November 6, 2017, File No. 2-27612)</u>	x	x
*4(b)		x	x

*4(c)	<u>Officer's Certificate of Florida Power & Light Company, dated June 15, 2018, creating the Floating Rate Notes, Series due June 15, 2068 (filed as Exhibit 4 to Form 8-K dated June 15, 2018, File No. 2-27612)</u>	x	x
*4(d)	<u>Officer's Certificate of Florida Power & Light Company, dated November 14, 2018, creating the Floating Rate Notes, Series due November 14, 2068 (filed as Exhibit 4 to Form 8-K dated November 14, 2018, File No. 2-27612)</u>	x	x
*4(e)	<u>Indenture (For Unsecured Debt Securities), dated as of June 1, 1999, between FPL Group Capital Inc and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(a) to Form 8-K dated July 16, 1999, File No. 1-8841)</u>	x	
*4(f)	<u>First Supplemental Indenture to Indenture (For Unsecured Debt Securities) dated as of June 1, 1999, dated as of September 21, 2012, between NextEra Energy Capital Holdings, Inc. and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2012, File No. 1-8841)</u>	x	

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Exhibit Number	Description	NEE	FPL
*4(g)	<u>Guarantee Agreement, dated as of June 1, 1999, between FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) (filed as Exhibit 4(b) to Form 8-K dated July 16, 1999, File No. 1-8841)</u>	x	
*4(h)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 10, 2011, creating the 4.50% Debentures, Series due June 1, 2021 (filed as Exhibit 4(b) to Form 8-K dated June 10, 2011, File No. 1-8841)</u>	x	
*4(i)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc. dated June 6, 2013, creating the 3.625% Debentures, Series due June 15, 2023 (filed as Exhibit 4 to Form 8-K dated June 6, 2013, File No. 1-8841)</u>	x	
*4(j)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 11, 2014, creating the 2.700% Debentures, Series due September 15, 2019 (filed as Exhibit 4 to Form 8-K dated March 11, 2014, File No. 1-8841)</u>	x	
*4(k)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 6, 2014, creating the 2.40% Debentures, Series due September 15, 2019 (filed as Exhibit 4 to Form 8-K dated June 6, 2014, File No. 1-8841)</u>	x	
*4(l)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated August 27, 2015, creating the 2.80% Debentures, Series due August 27, 2020 (filed as Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 2015, File No. 1-8841)</u>	x	
*4(m)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 16, 2015, creating the Series H Debentures due September 1, 2020 (filed as Exhibit 4(c) to Form 8-K dated September 16, 2015, File No. 1-8841)</u>	x	
*4(n)	<u>Letter, dated August 9, 2018, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series H Debentures due September 1, 2020, effective August 9, 2018 (filed as Exhibit 4(b) to Form 8-K dated August 9, 2018, File No. 1-8841)</u>	x	
*4(o)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 31, 2016, creating the 2.30% Debentures, Series due April 1, 2019 (filed as Exhibit 4 to Form 8-K dated March 31, 2016, File No. 1-8841)</u>	x	
*4(p)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated August 8, 2016, creating the Series I Debentures due September 1, 2021 (filed as Exhibit 4(c) to Form 8-K dated August 8, 2016, File No. 1-8841)</u>	x	
*4(q)	<u>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)</u>	x	
*4(r)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 14, 2017, creating the 2.80% Debentures, Series due January 15, 2023 (filed as Exhibit 4 to Form 8-K dated December 14, 2017, File No. 1-8841)</u>	x	
*4(s)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 9, 2018, creating the Floating Rate Debentures, Series due September 3, 2019 (filed as Exhibit 4 to Form 8-K dated March 9, 2018, File No. 1-8841)</u>	x	
*4(t)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated May 4, 2018, creating the Floating Rate Debentures, Series due May 4, 2021 (filed as Exhibit 4 to Form 8-K dated May 4, 2018, File No. 1-8841)</u>	x	
*4(u)		x	

Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated August 28, 2018, creating the Floating Rate Debentures, Series due August 21, 2020 (filed as Exhibit 4(a) to Form 8-K dated August 28, 2018, File No. 1-8841)

*4(v) Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated August 28, 2018, creating the Floating Rate Debentures, Series due August 28, 2021 (filed as Exhibit 4(b) to Form 8-K dated August 28, 2018, File No. 1-8841) x

*4(w) Indenture (For Unsecured Subordinated Debt Securities relating to Trust Securities), dated as of March 1, 2004, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a)) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03) x

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Exhibit Number	Description	NEE	FPL
*4(x)	<u>Indenture (For Unsecured Subordinated Debt Securities), dated as of September 1, 2006, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)</u>		x
*4(y)	<u>First Supplemental Indenture to Indenture (For Unsecured Subordinated Debt Securities) dated as of September 1, 2006, dated as of November 19, 2012, between NextEra Energy Capital Holdings, Inc., NextEra Energy, Inc. as Guarantor, and The Bank of New York Mellon, as Trustee (filed as Exhibit 2 to Form 8-A dated January 16, 2013, File No. 1-33028)</u>		x
*4(z)	<u>Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated September 19, 2006, creating the Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(c) to Form 8-K dated September 19, 2006, File No. 1-8841)</u>		x
*4(aa)	<u>Replacement Capital Covenant, dated September 19, 2006, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)</u>		x
*4(bb)	<u>Amendment, dated November 9, 2016, to the Replacement Capital Covenant, dated September 19, 2006, by NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Holdings Inc) and NextEra Energy, Inc. (formerly known as FPL Group, Inc.), relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4 (cc) to Form 10-K for the year ended December 31, 2016, File No. 1-8841)</u>		x
*4(cc)	<u>Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated June 12, 2007, creating the Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated June 12, 2007, File No. 1-8841)</u>		x
*4(dd)	<u>Replacement Capital Covenant, dated June 12, 2007, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated June 12, 2007, File No. 1-8841)</u>		x
*4(ee)	<u>Amendment, dated November 9, 2016, to the Replacement Capital Covenant, dated June 12, 2007 by NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Holdings Inc) and NextEra Energy, Inc. (formerly known as FPL Group, Inc.), relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(hh) to Form 10-K for the year ended December 31, 2016, File No. 1-8841)</u>		x
*4(ff)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated November 19, 2012, creating the Series I Junior Subordinated Debentures due November 15, 2072 (filed as Exhibit 4 to Form 8-K dated November 19, 2012, File No. 1-8841)</u>		x
*4(gg)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated January 18, 2013, creating the Series J Junior Subordinated Debentures due January 15, 2073 (filed as Exhibit 4 to Form 8-K dated January 18, 2013, File No. 1-8841)</u>		x
*4(hh)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated June 7, 2016, creating the Series K Junior Subordinated Debentures due June 1, 2076 (filed as Exhibit 4 to Form 8-K dated June 7, 2016, File No. 1-8841)</u>		x
*4(ii)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 29, 2017, creating the Series L Junior Subordinated Debentures due September 29, 2057 (filed as Exhibit 4(c) to Form 8-K dated September 29, 2017, File No. 1-8841)</u>		x
*4(jj)	<u>Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated November 2, 2017, creating the Series M Junior Subordinated Debentures due December 1, 2077 (filed as Exhibit 4(a) to</u>		x

Form 8-K dated November 2, 2017, File No. 1-8841)

*4(kk) Indenture (For Securing Senior Secured Bonds, Series A), dated May 22, 2007, between FPL
Recovery Funding LLC (as Issuer) and The Bank of New York Mellon (as Trustee and
Securities Intermediary) (filed as Exhibit 4.1 to Form 8-K dated May 22, 2007 and filed June 1,
2007, File No. 333-141357)

x

*4(ll) Indenture, dated as of September 25, 2017, between NextEra Energy Operating Partners, LP and
The Bank of New York Mellon, as trustee (filed as Exhibit 4.1 to Form 8-K dated September 25,
2017, File No. 1-8841)

x

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Exhibit Number	Description	NEE	FPL
*4(mm)	<u>Guarantee Agreement dated as of September 25, 2017, between NextEra Energy Partners, LP and The Bank of New York Mellon, as guarantee trustee (filed as Exhibit 4.2 to Form 8-K dated September 25, 2017, File No. 1-8841)</u>	x	
*4(nn)	<u>Guarantee Agreement dated as of September 25, 2017, between NextEra Energy US Partners Holdings, LLC and The Bank of New York Mellon, as guarantee trustee (filed as Exhibit 4.3 to Form 8-K dated September 25, 2017, File No. 1-8841)</u>	x	
*4(oo)	<u>Officer's Certificate of NextEra Energy Operating Partners, LP, dated September 25, 2017, creating the 4.25% Senior Notes due 2024 and the 4.50% Senior Notes due 2027 (filed as Exhibit 4.4 to Form 8-K dated September 25, 2017, File No. 1-8841)</u>	x	
*4(pp)	<u>Purchase Contract Agreement, dated as of August 1, 2016, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated August 8, 2016, File No. 1-8841)</u>	x	
*4(qq)	<u>Pledge Agreement, dated as of August 1, 2016, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated August 8, 2016, File No. 1-8841)</u>	x	
*4(rr)	<u>Senior Note Indenture dated as of January 1, 1998, between Gulf Power Company and Wells Fargo Bank, National Association, as Successor Trustee, and certain indentures supplemental thereto (filed as Exhibit 4.1 to Form 8-K dated June 17, 1998, File No. 0-2429; Exhibit 4.2 to Form 8-K dated April 6, 2010, File No. 1-31737; Exhibit 4.2 to Form 8-K dated September 9, 2010, File No. 1-31737; Exhibit 4.2 to Form 8-K dated May 15, 2012, File No. 1-31737; Exhibit 4.2 to Form 8-K dated June 10, 2013, File No. 1-31737; Exhibit 4.2 to Form 8-K dated September 16, 2014, File No. 1-31737; and Exhibit 4.2 to Form 8-K dated May 15, 2017, File No. 1-31737)</u>	x	
*10(a)	<u>FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (SERP) (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)</u>	x	x
*10(b)	<u>FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005 (Restated SERP) (filed as Exhibit 10(b) to Form 8-K dated December 12, 2008, File No. 1-8841)</u>	x	x
*10(c)	<u>Amendment Number 1 to the Restated SERP changing name to NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)</u>	x	x
*10(d)	<u>Appendix A1 (revised as of March 16, 2016) to the NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(d) to Form 10-K dated December 31, 2017, File No. 1-8841)</u>	x	x
*10(e)	<u>Appendix A2 (revised as of October 1, 2017) to the NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(e) to Form 10-K dated December 31, 2017, File No. 1-8841)</u>	x	x
*10(f)	<u>Supplement to the Restated SERP relating to a special credit to certain executive officers and other officers effective February 15, 2008 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)</u>	x	x
*10(g)		x	x

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Supplement to the Restated SERP effective February 15, 2008 as it applies to Armando Pimentel, Jr. (filed as Exhibit 10(i) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)

*10(h)	<u>Supplement to the SERP effective December 14, 2007 as it applies to Manoochehr K. Nazar (filed as Exhibit 10(j) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)</u> <u>NextEra Energy, Inc. (formerly known as FPL Group, Inc.) Amended and Restated Long-Term</u>	x	x
*10(i)	<u>Incentive Plan, most recently amended and restated on May 22, 2009 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)</u>	x	x
*10(j)	<u>NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated March 16, 2012, File No. 1-8841)</u>	x	x
*10(k)	<u>Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u>	x	x

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Exhibit Number	Description	NEE	FPL
*10(l)	<u>Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u>	x	x
*10(m)	<u>Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)</u>	x	x
*10(n)	<u>Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(e) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u>	x	x
*10(o)	<u>Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)</u>	x	x
*10(p)	<u>Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement effective February 15, 2008 (filed as Exhibit 10(b) to Form 8-K dated February 15, 2008, File No. 1-8841)</u>	x	x
*10(q)	<u>Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement effective February 13, 2009 (filed as Exhibit 10(u) to Form 10-K for the year ended December 31, 2008, File No. 1-8841)</u>	x	x
*10(r)	<u>Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan - Non-Qualified Stock Option Agreement effective February 12, 2010 (filed as Exhibit 10(bb) to Form 10-K for the year December 31, 2009, File No. 1-8841)</u>	x	x
*10(s)	<u>Form of NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan - Non-Qualified Stock Option Agreement effective February 18, 2011 (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2011, File No. 1-8841)</u>	x	x
*10(t)	<u>Form of Non-Qualified Stock Option Award Agreement under the NextEra Energy, Inc. 2011 Long Term Incentive Plan (filed as Exhibit 10(b) to Form 8-K dated October 13, 2011, File No. 1-8841)</u>	x	x
*10(u)	<u>Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(f) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u>	x	x
*10(v)	<u>Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(g) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u>	x	x
*10(w)	<u>Form of Non-Qualified Stock Option agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)</u>	x	x
*10(x)	<u>Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Amended and Restated Deferred Stock Award Agreement effective February 12, 2010 between FPL Group, Inc. and James L. Robo (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)</u>	x	x
*10(y)	<u>Form of Deferred Stock Award Agreement under NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(a) to Form 8-K dated March 16, 2012, File No. 1-8841)</u>	x	x
*10(z)		x	x

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NextEra Energy, Inc. 2013 Executive Annual Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated October 11, 2012, File No. 1-8841)

- | | | | |
|---------|--|---|---|
| *10(aa) | <u>NextEra Energy, Inc. Deferred Compensation Plan effective January 1, 2005 as amended and restated through February 11, 2016 (filed as Exhibit 10(h) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u> | x | x |
| *10(bb) | <u>FPL Group, Inc. Deferred Compensation Plan, amended and restated effective January 1, 2003 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 2002, File No. 1-8841)</u> | x | x |
| *10(cc) | <u>FPL Group, Inc. Executive Long-Term Disability Plan effective January 1, 1995 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)</u> | x | x |
| *10(dd) | <u>FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841)</u> | x | |

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Exhibit Number	Description	NEE	FPL
*10(ee)	<u>FPL Group, Inc. 2007 Non-Employee Directors Stock Plan (filed as Exhibit 99 to Form S-8, File No. 333-143739)</u>	x	
*10(ff)	<u>NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan, as amended and restated as of May 18, 2017 (filed as Exhibit 10 to Form 10-Q for the quarter ended June 30, 2017, File No. 1-8841)</u>	x	
*10(gg)	<u>NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2018 (filed as Exhibit 10(jj) to Form 10-K for the year ended December 31, 2017, File No. 1-8841)</u>	x	
10(hh)	<u>NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2019</u>	x	
*10(ii)	<u>Form of Amended and Restated Executive Retention Employment Agreement effective December 10, 2009 between FPL Group, Inc. and each of James L. Robo, Armando Pimentel, Jr., and Charles E. Sieving (filed as Exhibit 10(nn) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)</u>	x	x
*10(jj)	<u>Executive Retention Employment Agreement between FPL Group, Inc. and Joseph T. Kelliher dated as of May 21, 2009 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)</u>	x	x
*10(kk)	<u>Executive Retention Employment Agreement between FPL Group, Inc. and Manoochehr K. Nazar dated as of January 1, 2010 (filed as Exhibit 10(rr) to Form 10 K for the year ended December 31, 2009, File No. 1-8841)</u>	x	x
*10(ll)	<u>Executive Retention Employment Agreement between NextEra Energy, Inc. and Eric E. Silagy dated as of May 2, 2012 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2012, File No. 1-8841)</u>	x	x
*10(mm)	<u>Executive Retention Employment Agreement between NextEra Energy, Inc. and William L. Yeager dated as of January 1, 2013 (filed as Exhibit 10(ccc) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)</u>	x	x
*10(nn)	<u>Form of 2012 409A Amendment to NextEra Energy, Inc. Executive Retention Employment Agreement effective October 11, 2012 between NextEra Energy, Inc. and each of James L. Robo, Armando Pimentel, Jr., Eric E. Silagy, Joseph T. Kelliher, Manoochehr K. Nazar and Charles E. Sieving (filed as Exhibit 10(ddd) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)</u>	x	x
*10(oo)	<u>Executive Retention Employment Agreement between NextEra Energy, Inc. and Deborah H. Caplan dated as of April 23, 2013 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)</u>	x	x
*10(pp)	<u>Executive Retention Employment Agreement between NextEra Energy, Inc. and Miguel Arechabala dated as of January 1, 2014 (filed as Exhibit 10(bbb) to Form 10 K for the year ended December 31, 2013, File No. 1-8841)</u>	x	x
*10(qq)	<u>Executive Retention Employment Agreement between NextEra Energy, Inc. and John W. Ketchum dated as of March 4, 2016 (filed as Exhibit 10(i) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)</u>	x	x
*10(rr)	<u>NextEra Energy, Inc. Executive Severance Benefit Plan effective February 26, 2013 (filed as Exhibit 10(eee) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)</u>	x	x
*10(ss)	<u>Guarantee Agreement between FPL Group, Inc. and FPL Group Capital Inc. dated as of October 14, 1998 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2001,</u>	x	

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	<u>File No. 1-8841)</u>		
*10(tt)	<u>NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.8 to Form 8-K dated July 1, 2014, File No. 1-36518)</u>	X	
*10(uu)	<u>Form of Restricted Unit Award Agreement under the NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2017, File No. 1-36518)</u>	X	
10(vv)	<u>Form of Bi-lateral Term Loan Agreement between NextEra Energy Capital Holdings, Inc. and the Lender dated December 27, 2018</u>	X	
21	<u>Subsidiaries of NextEra Energy, Inc.</u>	X	
23	<u>Consent of Independent Registered Public Accounting Firm</u>	X	X
31(a)	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.</u>	X	

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Exhibit Number	Description	NEE	FPL
31(b)	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.</u>	x	
31(c)	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company</u>		x
31(d)	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company</u>		x
32(a)	<u>Section 1350 Certification of NextEra Energy, Inc.</u>	x	
32(b)	<u>Section 1350 Certification of Florida Power & Light Company</u>		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

** Schedules attached to each Stock Purchase Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NEE will furnish the omitted schedules to the SEC upon request by the Commission.

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.

Item 16. Form 10-K Summary

Not applicable

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NEXTERA ENERGY, INC. SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

NextEra Energy, Inc.

JAMES L. ROBO

James L. Robo

Chairman, President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 15, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 15, 2019:

JOHN W. KETCHUM

John W. Ketchum

Executive Vice President, Finance
and Chief Financial Officer
(Principal Financial Officer)

TERRELL KIRK CREWS, II

Terrell Kirk Crews, II

Vice President, Controller and Chief Accounting
Officer
(Principal Accounting Officer)

Directors:

SHERRY S. BARRAT

Sherry S. Barrat

AMY B. LANE

Amy B. Lane

JAMES L. CAMAREN

James L. Camaren

RUDY E. SCHUPP

Rudy E. Schupp

KENNETH B. DUNN

Kenneth B. Dunn

JOHN L. SKOLDS

John L. Skolds

WILLIAM H. SWANSON

Naren K. Gursahaney

William H. Swanson

KIRK S. HACHIGIAN

Kirk S. Hachigian

HANSEL E. TOOKES, II

Hansel E. Tookes, II

TONI JENNINGS
Toni Jennings

DARRYL L. WILSON
Darryl L. Wilson

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FLORIDA POWER & LIGHT COMPANY SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

Florida Power & Light Company

ERIC E. SILAGY

Eric E. Silagy

President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 15, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 15, 2019:

JOHN W. KETCHUM

John W. Ketchum

Executive Vice President, Finance
and Chief Financial Officer and Director
(Principal Financial Officer)

KEITH FERGUSON

Keith Ferguson

Vice President, Accounting and Controller
(Principal Accounting Officer)

Director:

JAMES L. ROBO

James L. Robo

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934 by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Securities Exchange Act of 1934

No annual report, proxy statement, form of proxy or other proxy soliciting material has been sent to security holders of FPL during the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

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