

NEXTERA ENERGY INC
 Form 10-Q
 November 01, 2016

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

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

For the quarterly period ended September 30, 2016

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

State or other jurisdiction of incorporation or organization: Florida

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

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

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

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

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

NextEra Energy, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Florida Power & Light Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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

Number of shares of NextEra Energy, Inc. common stock, \$0.01 par value, outstanding as of September 30, 2016: 467,267,977

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Number of shares of Florida Power & Light Company common stock, without par value, outstanding as of September 30, 2016, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

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

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

DEFINITIONS

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

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

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

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FORWARD-LOOKING STATEMENTS

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

Regulatory, Legislative and Legal Risks

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

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

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

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

• Any reductions to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax incentives, renewable portfolio standards, feed-in tariffs or the EPA's final rule under Section 111(d) of the Clean Air Act, or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

Operational Risks

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

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

The operation and maintenance of NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks, the consequences of which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects. NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

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

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

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

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

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

Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEER's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's business, financial condition, results of operations and prospects. Sales of power on the spot market or on a short-term contractual basis may cause NEE's results of operations to be volatile.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NEP's acquisitions may not be completed and, even if completed, NEE may not realize the anticipated benefits of any acquisitions, which could materially adversely affect NEE's business, financial condition, results of operations and prospects.

Nuclear Generation Risks

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

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

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

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

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

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

Liquidity, Capital Requirements and Common Stock Risks

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

NEE's, NEECH's and FPL's inability to maintain their current credit ratings may materially adversely affect NEE's and FPL's liquidity and results of operations, limit the ability of NEE and FPL to grow their business, and increase interest costs.

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

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

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

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

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

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

NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions and on the value of NEE's limited partner interest in

NEP OpCo.

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

These factors should be read together with the risk factors included in Part I, Item 1A. Risk Factors in NEE's and FPL's Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Form 10-K), and investors should refer to that section of the 2015 Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and NEE and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on

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

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NEXTERA ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(millions, except per share amounts)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
OPERATING REVENUES	\$4,805	\$4,954	\$12,457	\$13,417
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,217	1,472	3,105	4,151
Other operations and maintenance	833	819	2,474	2,353
Merger-related	123	7	129	20
Depreciation and amortization	983	798	2,262	2,082
Taxes other than income taxes and other - net	370	377	805	1,054
Total operating expenses	3,526	3,473	8,775	9,660
OPERATING INCOME	1,279	1,481	3,682	3,757
OTHER INCOME (DEDUCTIONS)				
Interest expense	(369)	(311)	(1,480)	(912)
Benefits associated with differential membership interests - net	59	40	220	151
Equity in earnings of equity method investees	70	51	147	87
Allowance for equity funds used during construction	20	20	62	48
Interest income	23	22	61	65
Gains on disposal of assets - net	9	15	36	42
Other than temporary impairment losses on securities held in nuclear decommissioning funds	(2)	(24)	(19)	(32)
Revaluation of contingent consideration	101	—	118	—
Other - net	17	8	40	27
Total other deductions - net	(72)	(179)	(815)	(524)
INCOME BEFORE INCOME TAXES	1,207	1,302	2,867	3,233
INCOME TAXES	418	421	879	981
NET INCOME	789	881	1,988	2,252
LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	36	2	42	7
NET INCOME ATTRIBUTABLE TO NEE	\$753	\$879	\$1,946	\$2,245
Earnings per share attributable to NEE:				
Basic	\$1.63	\$1.94	\$4.21	\$5.02
Assuming dilution	\$1.62	\$1.93	\$4.19	\$4.97
Dividends per share of common stock	\$0.87	\$0.77	\$2.61	\$2.31
Weighted-average number of common shares outstanding:				
Basic	463.3	454.1	461.7	447.3
Assuming dilution	466.0	456.0	464.7	451.3

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
NET INCOME	\$789	\$881	\$1,988	\$2,252
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Net unrealized gains (losses) on cash flow hedges:				
Effective portion of net unrealized losses (net of \$55 and \$55 tax benefit, respectively)	—	(97)	—	(107)
Reclassification from accumulated other comprehensive loss to net income (net of \$3, less than \$1, \$26 and \$16 tax expense, respectively)	17	11	53	50
Net unrealized gains (losses) on available for sale securities:				
Net unrealized gains (losses) on securities still held (net of \$23 tax expense, \$30 tax benefit, \$42 tax expense and \$26 tax benefit, respectively)	31	(38)	56	(33)
Reclassification from accumulated other comprehensive loss to net income (net of \$2, \$7, \$6 and \$16 tax benefit, respectively)	(2)	(8)	(8)	(21)
Defined benefit pension and other benefits plans (net of \$4 and \$10 tax benefit, respectively)	—	—	(7)	(16)
Net unrealized gains (losses) on foreign currency translation (net of \$1 tax expense, \$21, \$2 and \$4 tax benefit, respectively)	(9)	(33)	19	(5)
Other comprehensive income (loss) related to equity method investee (net of \$0, \$2, \$3 and \$1 tax benefit, respectively)	3	(3)	(1)	(2)
Total other comprehensive income (loss), net of tax	40	(168)	112	(134)
COMPREHENSIVE INCOME	829	713	2,100	2,118
LESS COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	30	(1)	22	1
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	\$799	\$714	\$2,078	\$2,117

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

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

	September 30, 2016	December 31, 2015
PROPERTY, PLANT AND EQUIPMENT		
Electric plant in service and other property	\$ 76,559	\$ 72,606
Nuclear fuel	2,154	2,067
Construction work in progress	7,150	5,657
Accumulated depreciation and amortization	(20,246)	(18,944)
Total property, plant and equipment - net (\$12,331 and \$7,966 related to VIEs, respectively)	65,617	61,386
CURRENT ASSETS		
Cash and cash equivalents	681	571
Customer receivables, net of allowances of \$13 and \$13, respectively	1,921	1,784
Other receivables	938	481
Materials, supplies and fossil fuel inventory	1,309	1,259
Regulatory assets:		
Derivatives	—	218
Other	301	285
Derivatives	612	712
Assets held for sale	526	1,009
Other	459	476
Total current assets	6,747	6,795
OTHER ASSETS		
Special use funds	5,450	5,138
Other investments (\$483 related to a VIE at September 30, 2016)	2,380	1,786
Prepaid benefit costs	1,225	1,155
Regulatory assets:		
Purchased power agreement termination	658	726
Other (\$84 and \$128 related to a VIE, respectively)	1,114	1,052
Derivatives	1,394	1,202
Other	3,279	3,239
Total other assets	15,500	14,298
TOTAL ASSETS	\$ 87,864	\$ 82,479
CAPITALIZATION		
Common stock (\$0.01 par value, authorized shares - 800; outstanding shares - 467 and 461, respectively)	\$ 5	\$ 5
Additional paid-in capital	9,039	8,596
Retained earnings	14,899	14,140
Accumulated other comprehensive loss	(36)	(167)
Total common shareholders' equity	23,907	22,574
Noncontrolling interests	962	538
Total equity	24,869	23,112
Long-term debt (\$5,368 and \$684 related to VIEs, respectively)	28,195	26,681
Total capitalization	53,064	49,793
CURRENT LIABILITIES		
Commercial paper	628	374
Notes payable	490	412

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Current maturities of long-term debt	2,364	2,220
Accounts payable	2,800	2,529
Customer deposits	469	473
Accrued interest and taxes	861	449
Derivatives	377	882
Accrued construction-related expenditures	781	921
Liabilities associated with assets held for sale	456	992
Other	1,230	855
Total current liabilities	10,456	10,107
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	2,637	2,469
Deferred income taxes	10,582	9,827
Regulatory liabilities:		
Accrued asset removal costs	1,940	1,930
Asset retirement obligation regulatory expense difference	2,290	2,182
Other	507	494
Derivatives	999	530
Deferral related to differential membership interests - VIEs	3,274	3,142
Other	2,115	2,005
Total other liabilities and deferred credits	24,344	22,579
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 87,864	\$ 82,479

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

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

	Nine Months Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,988	\$2,252
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,262	2,082
Nuclear fuel and other amortization	275	280
Unrealized losses (gains) on marked to market derivative contracts - net	369	(393)
Foreign currency transaction losses	99	—
Deferred income taxes	766	848
Cost recovery clauses and franchise fees	111	114
Purchased power agreement termination	—	(521)
Benefits associated with differential membership interests - net	(220)	(151)
Allowance for equity funds used during construction	(62)	(48)
Gains on sale and disposal of assets - net	(291)	(39)
Other - net	(116)	133
Changes in operating assets and liabilities:		
Customer and other receivables	(150)	(123)
Materials, supplies and fossil fuel inventory	(59)	(52)
Other current assets	5	(56)
Other assets	(17)	(28)
Accounts payable and customer deposits	54	(131)
Margin cash collateral	(142)	(79)
Income taxes	48	45
Interest and other taxes	384	386
Other current liabilities	18	83
Other liabilities	(28)	(89)
Net cash provided by operating activities	5,294	4,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(2,976)	(2,440)
Independent power and other investments of NEER	(4,610)	(2,870)
Nuclear fuel purchases	(194)	(310)
Other capital expenditures and other investments	(149)	(56)
Sale of independent power and other investments of NEER	395	34
Proceeds from sale or maturity of securities in special use funds and other investments	2,635	3,751
Purchases of securities in special use funds and other investments	(2,711)	(3,872)
Proceeds from sale of a noncontrolling interest in subsidiaries	645	319
Other - net	(18)	(33)
Net cash used in investing activities	(6,983)	(5,477)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	4,644	3,462
Retirements of long-term debt	(2,654)	(3,097)

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Proceeds from differential membership investors	328	46
Payments to differential membership investors	(84)	(68)
Proceeds from notes payable	500	1,450
Repayments of notes payable	(362)	(313)
Net change in commercial paper	254	(116)
Issuances of common stock - net	528	1,274
Dividends on common stock	(1,205)	(1,031)
Other - net	(150)	(39)
Net cash provided by financing activities	1,799	1,568
Net increase in cash and cash equivalents	110	604
Cash and cash equivalents at beginning of period	571	577
Cash and cash equivalents at end of period	\$681	\$1,181
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	\$2,655	\$1,840
Increase in property, plant and equipment as a result of a settlement	\$(70)	\$(5)
Proceeds from differential membership investors used to reduce debt	\$100	\$—

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

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

	Common Stock Shares	Aggregate Par Value	Additional Paid-In Capital	Unearned ESOP Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non- controlling Interests	Total Equity
Balances, December 31, 2015	461	\$ 5	\$ 8,597	\$ (1)	\$ (167)	\$ 14,140	\$ 22,574	\$ 538	\$ 23,112
Net income	—	—	—	—	—	1,946	1,946	42	
Issuances of common stock, net of issuance cost of less than \$1	5	—	523	—	—	—	523	—	
Exercise of stock options and other incentive plan activity	1	—	57	—	—	—	57	—	
Dividends on common stock	—	—	—	—	—	(1,205)	(1,205)	—	
Earned compensation under ESOP	—	—	38	1	—	—	39	—	
Premium on equity units	—	—	(200)	—	—	—	(200)	—	
Other comprehensive income(loss)	—	—	—	—	131	—	131	(19)	
Issuance costs of equity units	—	—	(25)	—	—	—	(25)	—	
Sale of NEER assets to NEP	—	—	49	—	—	—	49	440	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(37)	
Other changes in noncontrolling interests in subsidiaries	—	—	—	—	—	—	—	(2)	
Adoption of accounting standards update	—	—	—	—	—	18	18	—	
Balances, September 30, 2016	467	\$ 5	\$ 9,039	\$ —	\$ (36)	\$ 14,899	\$ 23,907	\$ 962	\$ 24,869
	Common Stock Shares	Aggregate Par Value	Additional Paid-In Capital	Unearned ESOP Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non- controlling Interests	Total Equity
Balances, December 31, 2014	443	\$ 4	\$ 7,193	\$ (14)	\$ (40)	\$ 12,773	\$ 19,916	\$ 252	\$ 20,168
Net income	—	—	—	—	—	2,245	2,245	7	
Issuances of common stock, net of issuance cost of less than \$1	17	1	1,289	3	—	—	1,293	—	
Exercise of stock options and other incentive plan activity	1	—	58	—	—	—	58	—	
Dividends on common stock	—	—	—	—	—	(1,031)	(1,031)	—	
Earned compensation under ESOP	—	—	31	5	—	—	36	—	
Premium on equity units	—	—	(80)	—	—	—	(80)	—	

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Other comprehensive loss	—	—	—	—	(128)	—	(128)	(6)								
Issuance costs of equity units	—	—	(25)	—	—	—	(25)	—									
Sale of NEER assets to NEP	—	—	34	—	—	—	—	34		261									
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—		(13)								
Other changes in noncontrolling interests in subsidiaries	—	—	—	—	—	—	—	—		7									
Balances, September 30, 2015	461	\$	5	\$	8,500	\$	(6)	\$	(168)	\$	13,987	\$	22,318	\$	508	\$	22,826

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(millions)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
OPERATING REVENUES	\$3,283	\$3,274	\$8,337	\$8,812
OPERATING EXPENSES				
Fuel, purchased and interchange	1,045	1,195	2,556	3,298
Other operations and maintenance	403	410	1,203	1,147
Depreciation and amortization	587	485	1,207	1,154
Taxes other than income taxes and other	327	329	908	910
- net				
Total operating expenses	2,362	2,419	5,874	6,509
OPERATING INCOME	921	855	2,463	2,303
OTHER INCOME (DEDUCTIONS)				
Interest expense	(114)	(110)	(342)	(337)
Allowance for equity funds	20		55	46

used			
during			
construction			
Other			
—	(2)	3	(1)
net			
Total			
other			
deductions	(92)	(284)	(292)
-			
net			
INCOME			
BEFORE			
TAXES	824	2,179	2,011
INCOME	763		
TAXES			
INCOME			
TAXES	309	274	823
NET			
INCOME ^(a)	\$515	\$489	\$1,356
			\$1,283

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

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

FLORIDA POWER & LIGHT COMPANY
 CONDENSED CONSOLIDATED BALANCE SHEETS

(millions, except share amount)

(unaudited)

September 30, 2016 December 31, 2015

ELECTRIC
 UTILITY
 PLANT
 AND
 OTHER
 PROPERTY

Plant in service and other property	\$ 43,700	\$ 41,227
Nuclear fuel	1,333	1,306
Construction work in progress	2,817	2,850
Accumulated depreciation and amortization	(12,406)	(11,862)
Total electric utility plant and other property	35,444	33,521

- net
 CURRENT
 ASSETS

Cash and cash equivalents	46	23
Customer receivables, net of allowances	803	849

of	
\$4	
and	
\$3,	
respectively	
Other	123
receivables	
Materials,	
supplies	
and	
868	826
fossil	
fuel	
inventory	
Regulatory	
assets:	
Derivatives	218
Other	284
Other	184
Total	2,507
assets	
OTHER	
ASSETS	
Special	
3,706	3,504
funds	
Prepaid	
1,286	1,243
costs	
Regulatory	
assets:	
Purchased	
power	
658	726
agreement	
termination	
Other	
(\$84	
and	
\$128	
854	787
to	
a	
VIE,	
respectively)	
Other	235
Total	6,495
assets	
TOTAL	\$ 42,523
ASSETS	
CAPITALIZATION	

Common stock (no par value, 1,373 shares authorized, issued and outstanding)	\$ 1,373
Additional paid-in capital	7,733
Retained earnings	6,447
Total common shareholder's equity	15,553
Long-term debt (\$143 and \$210 related to a VIE, respectively)	9,956
Total capitalization	25,509
CURRENT LIABILITIES	
Commercial paper	56
Notes payable	100
Current maturities of long-term debt	64
Accounts payable	664
Customer deposits	469
Accrued interest and taxes	279

Derivatives	222
Accrued	
construction-related	2,449
expenditures	
Other	355
Total	
current	2,449
liabilities	
OTHER	
LIABILITIES	
AND	
DEFERRED	
CREDITS	
Asset	
retirement	1,822
obligations	
Deferred	
income	7,730
taxes	
Regulatory	
liabilities:	
Accrued	
asset	
removal	1,921
costs	
Asset	
retirement	
obligation	2,182
regulatory	
expense	
difference	
Other	492
Other	418
Total	
other	
liabilities	14,565
and	
deferred	
credits	
COMMITMENTS	
AND	
CONTINGENCIES	
TOTAL	
CAPITALIZATION	
\$ 44,617	\$ 42,523
AND	
LIABILITIES	

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

FLORIDA POWER & LIGHT COMPANY
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)
 (unaudited)

Nine Months
 Ended
 September 30,
 2016 2015

CASH
 FLOWS
 FROM
 OPERATING
 ACTIVITIES

Net
 \$1,356 \$1,283
 income

Adjustments
 to
 reconcile
 net
 income
 to
 net
 cash
 provided
 by
 (used
 in)
 operating
 activities:

Depreciation
 and amortization

Nuclear
 fuel

and other
 amortization

Deferred
 income taxes

Cost
 recovery
 clauses
 and

franchise
 fees

Purchased power
 agreement

111 114

569 107

(521)

termination		
Allowance		
for		
equity		
contracts	(46)
used		
during		
construction		
Other		
-23	54	
net		
Changes		
in		
operating		
assets		
and		
liabilities:		
Customer		
and		
other	(169) (250
receivables		
Materials,		
supplies		
and		
fossil	(42) (39
fuel		
inventory		
Other		
current	(49)
assets		
Other		
assets	(41)
Accounts		
payable		
and	32	
customer		
deposits		
Income	150	366
taxes		
Interest		
and		
other	369	357
taxes		
Other		
current	28	
liabilities		
Other	(94) (41
liabilities		
Net	790	2,668
cash		
provided		

by
 operating
 activities
 CASH
 FLOWS
 FROM
 INVESTING
 ACTIVITIES
 Capital
 expenditures (2,976) (2,440)
 Nuclear
 fuel purchases (178) (178)
 Proceeds
 from
 sale
 or
 maturity
 of securities in
 special
 use
 funds 3,099
 Purchases
 of
 securities in
 special
 use
 funds (1,836) (3,149)
 Other
 net (86) (86)
 Net
 cash
 used in
 investing
 activities (3,126) (2,754)
 CASH
 FLOWS
 FROM
 FINANCING
 ACTIVITIES
 Issuances
 of long-term
 debt 150 85
 Payments (262) (550)
 of

long-term
 debt
 Proceeds
 from 500 —
 notes
 payable
 Repayments
 of (150) —
 notes
 payable
 Net
 change
 in 408 (896)
 commercial
 paper
 Capital
 contribution
 from 1,454
 NEE
 Dividends
 to (1,300) —
 NEE
 Other
 -13 9
 net
 Net
 cash
 provided
 by (641) 102
 (used
 in)
 financing
 activities
 Net
 increase
 in
 cash 16
 and
 cash
 equivalents
 Cash
 and
 cash
 equivalents
 at 23 14
 beginning
 of
 period
 Cash \$ 30
 and
 cash

equivalents
at
end
of
period
SUPPLEMENTAL
SCHEDULE
OF
NONCASH
INVESTING
AND
FINANCING
ACTIVITIES
Accrued
property \$ 355
additions

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2015 Form 10-K.

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

The accompanying condensed consolidated financial statements should be read in conjunction with the 2015 Form 10-K. In the opinion of NEE and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Employee Retirement Benefits

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

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

	Pension Benefits		Postretirement Benefits		Pension Benefits		Postretirement Benefits	
	Three Months Ended		Three Months Ended		Nine Months Ended		Nine Months Ended	
	September 30,		September 30,		September 30,		September 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
	(millions)							
Service cost	\$16	\$17	\$ —	\$ 1	\$47	\$53	\$ 1	\$ 2
Interest cost	26	23	3	3	78	72	10	10
Expected return on plan assets	(65)	(63)	—	—	(195)	(190)	—	(1)
Amortization of prior service (benefit) cost	—	—	—	(1)	1	1	(2)	(2)
Amortization of losses	—	—	—	1	—	—	—	2
Net periodic (income) cost at NEE	\$(23)	\$(23)	\$ 3	\$ 4	\$(69)	\$(64)	\$ 9	\$ 11
Net periodic (income) cost at FPL	\$(15)	\$(14)	\$ 2	\$ 3	\$(44)	\$(41)	\$ 7	\$ 8

2. Derivative Instruments

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

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

requirements of the assets, where applicable, as well as to hedge all or a portion of the expected output of these assets. These hedges are designed to reduce the effect of adverse changes in the wholesale forward commodity markets associated with NEER's power generation and gas infrastructure assets. With regard to full energy and capacity requirements services, NEER is required to vary the quantity of energy and related services based on the load demands of the customers served. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and reduce the effect of unfavorable changes in the forward energy markets. Additionally, NEER takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions, including supply/demand imbalances, changes in traditional flows of energy, changes in short- and long-term weather patterns and anticipated regulatory and legislative outcomes. NEER uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel 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

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

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

In January 2016, NEE discontinued hedge accounting for its cash flow and fair value hedges related to interest rate and foreign currency derivative instruments and, therefore, all changes in the derivatives' fair value, as well as the transaction gain or loss on foreign denominated debt, are recognized in interest expense in NEE's condensed consolidated statements of income. In addition, for the three and nine months ended September 30, 2016, NEE reclassified approximately \$2 million (\$1 million after tax) and \$17 million (\$10 million after tax), respectively, from AOCI to interest expense primarily because it became probable that a related future transaction being hedged would not occur. At September 30, 2016, NEE's AOCI included amounts related to the 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 \$84 million of net losses included in AOCI at September 30, 2016 is expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in scheduled principal payments.

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at September 30, 2016 and December 31, 2015, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral (see Note 3 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the condensed consolidated balance sheets.

	September 30, 2016			
	Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
NEE:				
Commodity contracts	\$5,105	\$ 3,479	\$1,943	\$ 558
Interest rate contracts	60	788	55	782
Foreign currency swaps	9	35	8	36
Total fair values	\$5,174	\$ 4,302	\$2,006	\$ 1,376

FPL:				
Commodity contracts	\$48	\$ 20	\$33	\$ 5
Net fair value by NEE balance sheet line item:				
Current derivative assets ^(a)			\$612	
Noncurrent derivative assets ^(b)			1,394	
Current derivative liabilities				\$ 377
Noncurrent derivative liabilities				999
Total derivatives			\$2,006	\$ 1,376
Net fair value by FPL balance sheet line item:				
Current other assets			\$22	
Noncurrent other assets			11	
Current derivative liabilities				\$ 5
Total derivatives			\$33	\$ 5

(a) Reflects the netting of approximately \$148 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$93 million in margin cash collateral received from counterparties.

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

	December 31, 2015					
	Fair Values of Derivatives Designated as Hedging Instruments for Accounting Purposes - Gross Basis Assets		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis Liabilities		Total Derivatives Combined - Net Basis	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(millions)					
NEE:						
Commodity contracts	\$—	\$ —	\$5,906	\$ 4,580	\$1,937	\$ 982
Interest rate contracts	33	155	2	160	34	319
Foreign currency swaps	—	132	—	—	—	127
Total fair values	\$33	\$ 287	\$5,908	\$ 4,740	\$1,971	\$ 1,428
FPL:						
Commodity contracts	\$—	\$ —	\$7	\$ 225	\$4	\$ 222
Net fair value by NEE balance sheet line item:						
Current derivative assets ^(a)					\$712	
Assets held for sale					57	
Noncurrent derivative assets ^(b)					1,202	
Current derivative liabilities ^(c)						\$ 882
Liabilities associated with assets held for sale						16
Noncurrent derivative liabilities ^(d)						530
Total derivatives					\$1,971	\$ 1,428
Net fair value by FPL balance sheet line item:						
Current other assets					\$3	
Noncurrent other assets					1	
Current derivative liabilities						\$ 222
Total derivatives					\$4	\$ 222

(a) Reflects the netting of approximately \$279 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$151 million in margin cash collateral received from counterparties.

(c) Reflects the netting of approximately \$46 million in margin cash collateral paid to counterparties.

(d) Reflects the netting of approximately \$13 million in margin cash collateral paid to counterparties.

At September 30, 2016 and December 31, 2015, NEE had approximately \$20 million and \$27 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's condensed consolidated balance sheets. Additionally, at September 30, 2016 and December 31, 2015, NEE had approximately \$121 million and \$116 million (none at FPL), respectively, in margin cash collateral paid to counterparties that was not offset against

derivative assets or liabilities in the above presentation. These amounts are included in current other assets on NEE's condensed consolidated balance sheets.

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

	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	Interest Rate Contracts	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total
Losses recognized in OCI	\$(151)	\$ (1)	\$(152)	\$(146)	\$ (16)	\$(162)
Gains (losses) reclassified from AOCI to net income	\$(18) ^(a)	\$ 7 ^(b)	\$(11)	\$(56) ^(a)	\$ (10) ^(b)	\$(66)

(a) Included in interest expense.

(b) For the three and nine months ended September 30, 2015, losses of approximately \$3 million and \$9 million, respectively, are included in interest expense and the balances are included in other - net.

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

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

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015	2016	2015
	(millions)			
Commodity contracts: ^(a)				
Operating revenues	\$264	\$397	\$502	\$812
Fuel, purchased power and interchange	1	3	(1)	5
Foreign currency swaps - interest expense	15	—	96	—
Foreign currency swaps - other - net	1	—	(2)	—
Interest rate contracts - interest expense	(58)	(12)	(515)	(1)
Losses reclassified from AOCI to interest expense:				
Interest rate contracts	(18)	—	(71)	—
Foreign currency swaps	(3)	—	(9)	—
Total	\$202	\$388	\$—	\$816

For the three and nine months ended September 30, 2016, FPL recorded approximately \$35 million of losses and \$35 million of gains, respectively, related to commodity contracts as regulatory assets and regulatory liabilities, (a) respectively, on its condensed consolidated balance sheets. For the three and nine months ended September 30, 2015, FPL recorded losses of approximately \$141 million and \$204 million, respectively, related to commodity contracts as regulatory assets on its condensed consolidated balance sheets.

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

Commodity Type	September 30, 2016		December 31, 2015	
	NEE	FPL	NEE	FPL
	(millions)			
Power	(71)	—	(112)	—
Natural gas	1,130	704	1,321	833
Oil	(7)	—	(9)	—

At September 30, 2016 and December 31, 2015, NEE had interest rate contracts with notional amounts totaling approximately \$14.0 billion and \$8.3 billion, respectively, and foreign currency swaps with notional amounts totaling approximately \$720 million and \$715 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 September 30, 2016 and December 31, 2015, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$1.5 billion (\$20 million for FPL) and \$2.2 billion (\$224 million for FPL), respectively.

If the credit-risk-related contingent features underlying these agreements and other commodity-related contracts were triggered, certain subsidiaries of NEE, including FPL, could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and NEECH's credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately \$200 million (none at FPL) as of September 30, 2016 and \$250 million (\$20 million at FPL) as of December 31, 2015. 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

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

collateral would be approximately \$2.2 billion (\$0.3 billion at FPL) as of September 30, 2016 and \$2.5 billion (\$0.6 billion at FPL) as of December 31, 2015. Some contracts do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures to 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 \$530 million (\$135 million at FPL) as of September 30, 2016 and \$660 million (\$120 million at FPL) as of December 31, 2015.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At September 30, 2016 and December 31, 2015, applicable NEE subsidiaries have posted approximately \$56 million (none at FPL) and \$123 million (\$3 million at FPL), respectively, in the form of letters of credit which could be applied toward the collateral requirements described above. FPL and NEECH have credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

3. Fair Value Measurements

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

Cash Equivalents and Restricted Cash - NEE primarily holds investments in money market funds. The fair value of these funds is calculated using current market prices.

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

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

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

NEE uses interest rate contracts and foreign currency swaps to mitigate and adjust interest rate and foreign currency 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 a discounted cash flows valuation technique based on 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:

	September 30, 2016			Netting ^(a)	Total
	Level 1	Level 2	Level 3		
(millions)					
Assets:					
Cash equivalents and restricted cash: ^(b)					
NEE - equity securities	\$417	\$—	\$—		\$417
FPL - equity securities	\$21	\$—	\$—		\$21
Special use funds: ^(c)					
NEE:					
Equity securities	\$1,391	\$1,443 ^(d)	\$—		\$2,834
U.S. Government and municipal bonds	\$321	\$174	\$—		\$495
Corporate debt securities	\$—	\$849	\$—		\$849
Mortgage-backed securities	\$—	\$481	\$—		\$481
Other debt securities	\$—	\$87	\$—		\$87
FPL:					
Equity securities	\$395	\$1,319 ^(d)	\$—		\$1,714
U.S. Government and municipal bonds	\$240	\$146	\$—		\$386
Corporate debt securities	\$—	\$616	\$—		\$616
Mortgage-backed securities	\$—	\$375	\$—		\$375
Other debt securities	\$—	\$73	\$—		\$73
Other investments:					
NEE:					
Equity securities	\$29	\$9	\$—		\$38
Debt securities	\$10	\$166	\$—		\$176
Derivatives:					
NEE:					
Commodity contracts	\$1,757	\$2,007	\$1,341	\$(3,162)	\$1,943 ^(e)
Interest rate contracts	\$—	\$54	\$6	\$(5)	\$55 ^(e)
Foreign currency swaps	\$—	\$9	\$—	\$(1)	\$8 ^(e)
FPL - commodity contracts	\$—	\$46	\$2	\$(15)	\$33 ^(e)
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	\$1,730	\$1,198	\$551	\$(2,921)	\$558 ^(e)
Interest rate contracts	\$—	\$654	\$134	\$(6)	\$782 ^(e)
Foreign currency swaps	\$—	\$35	\$—	\$1	\$36 ^(e)
FPL - commodity contracts	\$—	\$18	\$2	\$(15)	\$5 ^(e)

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

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- (b) Includes restricted cash of approximately \$81 million (\$21 million for FPL) in other current assets on the condensed consolidated balance sheets.
- (c) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
- (d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (e) See Note 2 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

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	December 31, 2015			Netting ^(a)	Total
	Level 1	Level 2	Level 3		
(millions)					
Assets:					
Cash equivalents and restricted cash: ^(b)					
NEE - equity securities	\$312	\$—	\$—		\$312
FPL - equity securities	\$36	\$—	\$—		\$36
Special use funds: ^(c)					
NEE:					
Equity securities	\$1,320	\$1,354 ^(d)	\$—		\$2,674
U.S. Government and municipal bonds	\$446	\$166	\$—		\$612
Corporate debt securities	\$—	\$713	\$—		\$713
Mortgage-backed securities	\$—	\$412	\$—		\$412
Other debt securities	\$—	\$52	\$—		\$52
FPL:					
Equity securities	\$364	\$1,234 ^(d)	\$—		\$1,598
U.S. Government and municipal bonds	\$335	\$145	\$—		\$480
Corporate debt securities	\$—	\$531	\$—		\$531
Mortgage-backed securities	\$—	\$327	\$—		\$327
Other debt securities	\$—	\$40	\$—		\$40
Other investments:					
NEE:					
Equity securities	\$30	\$10	\$—		\$40
Debt securities	\$39	\$132	\$—		\$171
Derivatives:					
NEE:					
Commodity contracts	\$2,187	\$2,540	\$1,179	\$(3,969)	\$1,937 ^(e)
Interest rate contracts	\$—	\$35	\$—	\$(1)	\$34 ^(e)
FPL - commodity contracts	\$—	\$1	\$6	\$(3)	\$4 ^(e)
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	\$2,153	\$1,887	\$540	\$(3,598)	\$982 ^(e)
Interest rate contracts	\$—	\$214	\$101	\$4	\$319 ^(e)
Foreign currency swaps	\$—	\$132	\$—	\$(5)	\$127 ^(e)
FPL - commodity contracts	\$—	\$219	\$6	\$(3)	\$222 ^(e)

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

(b) Includes restricted cash of approximately \$61 million (\$36 million for FPL) in other current assets on the condensed consolidated balance sheets.

(c)

Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.

- (d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
- (e) See Note 2 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

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

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correlations, customer migration rates from full requirements contracts and some implied volatility curves, are modeled using proprietary models based on historical data and industry standard techniques.

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

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

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at September 30, 2016 are as follows:

Transaction Type	Fair Value at September 30, 2016		Valuation Technique(s)	Significant Unobservable Inputs	Range
	Assets (millions)	Liabilities			
Forward contracts - power	\$716	\$ 237	Discounted cash flow	Forward price (per MWh)	\$— -\$84
Forward contracts - gas	28	20	Discounted cash flow	Forward price (per MMBtu)	\$1 -\$8
Forward contracts - other commodity related	9	—	Discounted cash flow	Forward price (various)	\$(9) -\$52
Options - power	56	30	Option models	Implied correlations	(5)% -100%
				Implied volatilities	9% -123%
Options - primarily gas	192	226	Option models	Implied correlations	(5)% -100%
				Implied volatilities	1% -108%
Full requirements and unit contingent contracts	340	38	Discounted cash flow	Forward price (per MWh)	\$(20)-\$199

Customer migration rate^(a) —% ~~20%~~

Total \$1,341 \$ 551

(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 \$128 million at September 30, 2016 includes a significant credit valuation adjustment. The credit valuation adjustment, considered

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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. See Note 9 - Spain Solar Projects for a discussion related to debt restructuring associated with the Spain solar projects.

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

	Three Months Ended			
	September 30,		September 30,	
	2016	FPL	2015	FPL
	NEE FPL NEE FPL			
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at June 30	\$532	\$(1)	\$544	\$4
Realized and unrealized gains (losses):				
Included in earnings ^(a)	153	—	115	—
Included in regulatory assets and liabilities	—	—	(1)	(1)
Purchases	28	—	42	—
Settlements	(72)	1	(109)	(1)
Issuances	(16)	—	(32)	—
Transfers in ^(b)	1	—	3	—
Transfers out ^(b)	36	—	(16)	—
Fair value of net derivatives based on significant unobservable inputs at September 30	\$662	\$—	\$546	\$2
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date ^(c)	\$150	\$—	\$107	\$—

For the three months ended September 30, 2016 and 2015, realized and unrealized gains of approximately \$198 (a) million and \$131 million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

Transfers into Level 3 were a result of decreased observability of market data. Transfers from Level 3 to Level 2 (b) 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 three months ended September 30, 2016 and 2015, unrealized gains of approximately \$194 million and (c) \$123 million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

	Nine Months Ended			
	September 30,		September 30,	
	2016	FPL	2015	FPL
	NEE FPL NEE FPL			
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior period	\$538	\$	-\$622	\$5
Realized and unrealized gains (losses):				
Included in earnings ^(a)	373	—	369	—
Included in other comprehensive income (loss) ^(b)	(3)	—	8	—
Included in regulatory assets and liabilities	—	—	3	3

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Purchases	203	—	125	—
Settlements	(300)	—	(376)	(6)
Issuances	(159)	—	(164)	—
Transfers in ^(c)	4	—	(15)	—
Transfers out ^(c)	6	—	(26)	—
Fair value of net derivatives based on significant unobservable inputs at September 30	\$662	\$	-\$546	\$2
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date ^(d)	\$231	\$	-\$260	\$—

For the nine months ended September 30, 2016 and 2015, realized and unrealized gains of approximately \$443 (a) million and \$379 million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is primarily reflected in interest expense.

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

Transfers into Level 3 were a result of decreased observability of market data. Transfers from Level 3 to Level 2 (c) 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 nine months ended September 30, 2016 and 2015, unrealized gains of approximately \$302 million and (d) \$271 million, respectively, are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

Contingent Consideration - NEE recorded a liability related to a contingent holdback as part of the 2015 acquisition of a portfolio of seven long-term contracted natural gas pipeline assets located in Texas (Texas pipelines). See Note 9 - Contracts.

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Fair Value of Financial Instruments Recorded at Other than Fair Value - The carrying amounts of cash equivalents, commercial paper and notes payable approximate their fair values. The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

	September 30, 2016		December 31, 2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds ^(a)	\$ 704	\$ 704	\$ 675	\$ 675
Other investments - primarily notes receivable	\$ 535	\$ 721	\$ 512	\$ 722
Long-term debt, including current maturities	\$ 30,555 ^(c)	\$ 32,952 ^(d)	\$ 28,897 ^(c)	\$ 30,412 ^(d)
FPL:				
Special use funds ^(a)	\$ 542	\$ 542	\$ 528	\$ 528
Long-term debt, including current maturities	\$ 9,913	\$ 11,768 ^(d)	\$ 10,020	\$ 11,028 ^(d)

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

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

(b) impaired and placed in non-accrual status when it becomes probable that all amounts due cannot be collected in accordance with the contractual terms of the agreement. The assessment to place notes receivable in non-accrual status considers various credit indicators, such as credit ratings and market-related information.

Excludes debt totaling \$442 million and \$938 million, respectively, reflected in liabilities associated with assets (c) held for sale on NEE's condensed consolidated balance sheet for which the carrying amount approximates fair value. See Note 8 - Assets and Liabilities Associated with Assets Held for Sale.

(d) As of September 30, 2016 and December 31, 2015, for NEE, approximately \$21,800 million and \$18,031 million, respectively, is estimated using quoted market prices for the same or similar issues (Level 2); the balance is estimated using a discounted cash flow valuation technique, considering the current credit spread of the debtor (Level 3). For FPL, primarily estimated using quoted market prices for the same or similar issues (Level 2).

Special Use Funds - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements above) consist of FPL's storm fund assets of approximately \$75 million and \$74 million at September 30, 2016 and December 31, 2015, respectively, and NEE's nuclear decommissioning fund assets of \$5,375 million and \$5,064 million at September 30, 2016 and December 31, 2015, respectively (\$3,631 million and \$3,430 million, respectively, for FPL). The investments held in the special use funds consist of equity and debt securities which are primarily classified as available for sale and carried at estimated fair value. The amortized cost of debt and equity securities is approximately \$1,867 million and \$1,547 million, respectively, at September 30, 2016 and \$1,823 million and \$1,505 million, respectively, at December 31, 2015 (\$1,419 million and \$798 million, respectively, at September 30, 2016 and \$1,409 million and \$732 million, respectively, at December 31, 2015 for FPL). For FPL's special use funds, consistent with regulatory treatment, changes in fair value, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NEE's non-rate regulated operations, changes in fair value result in a corresponding adjustment to OCI, except for unrealized losses

associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds in NEE's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at September 30, 2016 of approximately nine years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at September 30, 2016 of approximately three years. The cost of securities sold is determined using the specific identification method.

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

	NEE		FPL		NEE		FPL	
	Three		Three		Nine Months		Nine Months	
	Months		Months		Months		Months	
	Ended		Ended		Ended		Ended	
	September		September		September 30,		September 30,	
	30,		30,		September 30,		September 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
	(millions)							
Realized gains	\$28	\$35	\$15	\$11	\$83	\$126	\$42	\$56
Realized losses	\$15	\$21	\$8	\$11	\$53	\$53	\$30	\$26
Proceeds from sale or maturity of securities	\$902	\$712	\$661	\$556	\$2,330	\$3,642	\$1,741	\$3,094

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

	NEE		FPL	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Equity securities	\$ 1,322	\$ 1,166	\$ 952	\$ 863
Debt securities	\$ 61	\$ 17	\$ 47	\$ 14

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

	NEE		FPL	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Unrealized losses ^(a)	\$ 15	\$ 51	\$ 15	\$ 45
Fair value	\$ 313	\$ 1,129	\$ 259	\$ 861

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at September 30, 2016 and December 31, 2015 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 Nuclear Decommissioning Financing Committee pursuant to New Hampshire law.

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

4. Income Taxes

NEE's effective income tax rates for the three months ended September 30, 2016 and 2015 were approximately 35% and 32%, respectively. The rates for both periods reflect the benefit of PTCs of approximately \$19 million and \$29 million, respectively, related to NEER's wind projects, as well as ITCs and deferred income tax benefits associated with grants under the Recovery Act (convertible ITCs) totaling approximately \$34 million and \$16 million, respectively, related to solar and certain wind projects at NEER.

NEE's effective income tax rates for the nine months ended September 30, 2016 and 2015 were approximately 31% and 30%, respectively. The rates for both periods reflect the benefit of PTCs of approximately \$92 million and \$105 million, respectively, related to NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs totaling approximately \$115 million and \$67 million, respectively, related to solar and certain

wind projects at NEER, including, in 2015, the effect of a state income tax law change that extended the ITC carryforward period for certain wind projects.

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

In April 2016, a court decision was issued approving a reorganization of certain Canadian assets that provided for tax bases in certain of these assets (Canadian tax restructuring). NEE recorded approximately \$30 million of the associated income tax benefits during the nine months ended September 30, 2016, which effectively reversed a portion of the income tax charge NEE recorded in the second quarter of 2014 associated with structuring Canadian assets. In addition, consolidating income tax adjustments for the nine months ended September 30, 2016 include an approximately \$58 million income tax charge related to the sale of NEER's ownership interest in merchant natural gas generation facilities located in Texas with a total generating capacity of 2,884 MW (Texas natural gas generation facilities). See Note 8 - Assets and Liabilities Associated with Assets Held for Sale.

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5. Variable Interest Entities (VIEs)

In February 2015, the FASB issued an accounting standards update that modified consolidation guidance. The standard makes changes to both the variable interest entity model and the voting interest entity model, including modifying the evaluation of whether limited partnerships or similar legal entities are VIEs or voting interest entities and amending the guidance for assessing how relationships of related parties affect the consolidation analysis of VIEs. The standard was effective for NEE and FPL beginning January 1, 2016, and the modified retrospective approach was adopted. The adoption of the standard did not result in any changes to the previous consolidation conclusions; however, it did result in a limited number of entities being considered VIEs and the related disclosure was provided for the current period.

As of September 30, 2016, NEE has twenty-nine VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

FPL - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the FPSC. FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately \$644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and are secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately \$171 million and \$230 million at September 30, 2016 and December 31, 2015, respectively, and consisted primarily of storm-recovery property, which are included in noncurrent other regulatory assets on NEE's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately \$211 million and \$278 million at September 30, 2016 and December 31, 2015, respectively, and consisted primarily of storm-recovery bonds, which are included in long-term debt on NEE's and FPL's condensed consolidated balance sheets.

FPL entered into a purchased power agreement effective in 1995 with a 330 MW coal-fired facility to purchase substantially all of the facility's capacity and electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per MWh (energy payment). Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are recovered through the fuel clause as approved by the FPSC. See Note 9 - Contracts for a discussion of FPL's pending purchase of the 330 MW

coal-fired facility.

NEER - NEE consolidates twenty-seven 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, as well as construction, and has the obligation to absorb expected losses of these VIEs.

A subsidiary of NEER is the primary beneficiary of, and therefore consolidates, NEP, which consolidates NEP OpCo because of NEP's controlling interest in the general partner of NEP OpCo. NEP is a limited partnership formed to acquire, manage and own contracted clean energy projects with stable, long-term cash flows through a limited partner interest in NEP OpCo. NEE owns a controlling non-economic general partner interest in NEP and a limited partner interest in NEP OpCo, and presents NEP's limited partner interest as a noncontrolling interest in NEE's consolidated financial statements. At September 30, 2016, NEE owns common units of NEP OpCo representing noncontrolling interest in NEP's operating projects of approximately 65.2%. The assets and liabilities of NEP were approximately \$7.4 billion and \$5.2 billion, respectively, at September 30, 2016, and primarily consisted of property, plant and equipment and long-term debt.

A NEER VIE consolidates two entities which own and operate natural gas/oil electric generation facilities with the capability of producing 110 MW. These entities sell their electric output under power sales contracts to a third party, with expiration dates in 2018 and 2020. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. The entities have third-party debt which is secured by liens against the generation facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities

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of the VIE were approximately \$90 million and \$41 million, respectively, at September 30, 2016 and \$84 million and \$47 million, respectively, at December 31, 2015, and consisted primarily of property, plant and equipment and long-term debt.

Two indirect subsidiaries of NEER each contributed, to a NEP subsidiary, an approximately 50% ownership interest in three entities which own and operate solar PV facilities with the capability of producing a total of approximately 277 MW. Each of the two indirect subsidiaries of NEER is considered a VIE since the non-managing members have no substantive rights over the managing members, and is consolidated by NEER. These three entities sell their electric output to third parties under power sales contracts with expiration dates in 2035 and 2036. The three entities have third-party debt which is secured by liens against the assets of the entities. The debt holders have no recourse to the general credit of NEER. The assets and liabilities of these VIEs were approximately \$758 million and \$681 million, respectively, at September 30, 2016 and \$657 million and \$626 million, respectively, at December 31, 2015, and consisted primarily of property, plant and equipment and long-term debt.

The other twenty-three 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 5,522 MW and 178 MW, respectively, and own solar PV facilities that, upon completion of construction, which is anticipated in the fourth quarter of 2016, are expected to have a total generating capacity of 196 MW. These entities sell, or will sell, their electric output either under power sales contracts to third parties with expiration dates ranging from 2018 through 2046 or in the spot market. Certain investors that have no equity at risk in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generation facilities, including certain tax attributes. The 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 entity which owns assets under construction uses third-party debt and equity to finance its development and construction activities and requires subordinated financing from NEER to complete the facilities under construction. 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 \$8.5 billion and \$4.4 billion, respectively, at September 30, 2016. Twenty of the twenty-three were VIEs at December 31, 2015 and were consolidated; the assets and liabilities of those VIEs totaled approximately \$7.6 billion and \$5.0 billion, respectively, at December 31, 2015. At September 30, 2016 and December 31, 2015, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

NEECH - NEECH consolidates a special purpose entity that has insufficient equity at risk and is considered a VIE. The entity provided a loan in the form of a note receivable (see Note 3 - Fair Value of Financial Instruments Recorded at Other than Fair Value) to an unrelated third party, and also issued senior secured bonds which are collateralized by the note receivable. The assets and liabilities of the VIE were approximately \$513 million and \$497 million, respectively, at September 30, 2016, and consisted primarily of notes receivables (included in other investments) and long-term debt.

Other - As of September 30, 2016 and December 31, 2015, several NEE subsidiaries have investments totaling approximately \$2,427 million (\$1,975 million at FPL) and \$602 million (\$476 million at FPL), respectively, in certain entities which invest mainly in mortgage-backed securities, and also at September 30, 2016, in common collective trusts. These investments are included in special use funds and other investments on NEE's condensed consolidated balance sheets and in special use funds on FPL's condensed consolidated balance sheets. As of September 30, 2016, NEE subsidiaries, including FPL, are not the primary beneficiary and therefore do not consolidate any of these entities

because they have no power over activities, do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

Certain subsidiaries of NEE have noncontrolling interests in entities accounted for under the equity method. These entities are limited partnerships or similar entity structures in which the limited partners or nonmanaging members do not have substantive rights, and therefore are considered VIEs. NEE is not the primary beneficiary because it does not have a controlling financial interest in these entities, and therefore does not consolidate any of these entities. NEE's investment in these entities totaled approximately \$259 million at September 30, 2016, which are included in other investments on NEE's condensed consolidated balance sheet. Subsidiaries of NEE have committed to invest an additional approximately \$30 million in two of the entities.

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6. Common Shareholders' Equity

Stock-Based Compensation - On March 30, 2016, the FASB issued an accounting standards update related to the accounting for employee share-based payment awards including simplification in areas such as (i) income tax consequences; (ii) classification of awards as either equity or liabilities; and (iii) classification on the statement of cash flows. The standards update was effective for NEE beginning January 1, 2017, however, NEE early adopted the provisions of the standard update during the three months ended June 30, 2016 with an effective date of January 1, 2016. Upon adoption, NEE recorded approximately \$18 million primarily related to previously unrecognized excess tax benefits in deferred income taxes with a resulting increase to retained earnings as of January 1, 2016. During the three and nine months ended September 30, 2016, the impact of the accounting standards update resulted in approximately \$3 million and \$27 million, respectively, of excess tax benefits being recorded in NEE's condensed consolidated statements of income; the three months ended March 31, 2016 impact was approximately \$17 million, or \$0.04 per share after tax for basic and assuming dilution. All other provisions of the standards update did not have a material impact to NEE's condensed consolidated financial statements. The accounting standards update had no effect on FPL.

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

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015	2016	2015
	(millions, except per share amounts)			
Numerator - net income attributable to NEE	\$753	\$879	\$1,946	\$2,245
Denominator:				
Weighted-average number of common shares outstanding - basic	463.3	454.1	461.7	447.3
Equity units, performance share awards, stock options and restricted stock ^(a)	2.7	1.9	3.0	4.0
Weighted-average number of common shares outstanding - assuming dilution	466.0	456.0	464.7	451.3
Earnings per share attributable to NEE:				
Basic	\$1.63	\$1.94	\$4.21	\$5.02
Assuming dilution	\$1.62	\$1.93	\$4.19	\$4.97

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

Common shares issuable pursuant to equity units, stock options, performance share awards and restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 11.2 million and 8.1 million for the three months ended September 30, 2016 and 2015, respectively, and 3.9 million and 4.6 million for the nine months ended September 30, 2016 and 2015, respectively.

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

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	Accumulated Other Comprehensive Income (Loss)					Total
	Net Unrealized Gains (Losses) on Cash Flow Hedges (millions)	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	
Three Months Ended September 30, 2016						
Balances, June 30, 2016	\$(134)	\$ 193	\$ (69)	\$ (44)	\$ (28)	\$(82)
Other comprehensive income (loss) before reclassifications	—	31	—	(9)	3	25
Amounts reclassified from AOCI	17	(a) (2)	(b) —	—	—	15
Net other comprehensive income (loss)	17	29	—	(9)	3	40
Less other comprehensive loss attributable to noncontrolling interests	—	—	—	(6)	—	(6)
Balances, September 30, 2016	\$(117)	\$ 222	\$ (69)	\$ (47)	\$ (25)	\$(36)

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

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

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	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges (millions)	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
Three Months Ended September 30, 2015						
Balances, June 30, 2015	\$(128)	\$ 210	\$ (36)	\$ (27)	\$ (23)	\$(4)
Other comprehensive loss before reclassifications	(97)	(38)	—	(33)	(3)	(171)
Amounts reclassified from AOCI	11	(a) (8)	(b) —	—	—	3
Net other comprehensive loss	(86)	(46)	—	(33)	(3)	(168)
Less other comprehensive loss attributable to noncontrolling interests	(2)	—	—	(2)	—	(4)
Balances, September 30, 2015	\$(212)	\$ 164	\$ (36)	\$ (58)	\$ (26)	\$(168)

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 2 - Income Statement Impact of Derivative Instruments.

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

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges (millions)	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
Nine Months Ended September 30, 2016						
Balances, December 31, 2015	\$(170)	\$ 174	\$ (62)	\$ (85)	\$ (24)	\$(167)
Other comprehensive income (loss) before reclassifications	—	56	(7)	19	(1)	67
Amounts reclassified from AOCI	53	(a) (8)	(b) —	—	—	45
Net other comprehensive income (loss)	53	48	(7)	19	(1)	112
Less other comprehensive loss attributable to noncontrolling interests	—	—	—	(19)	—	(19)
Balances, September 30, 2016	\$(117)	\$ 222	\$ (69)	\$ (47)	\$ (25)	\$(36)

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

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

	Accumulated Other Comprehensive Income (Loss)						Total
	Net Unrealized Gains (Losses) on Cash Flow Hedges (millions)	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee		
Nine Months Ended September 30, 2015							
Balances, December 31, 2014	\$(156)	\$ 218	\$ (20)	\$ (58)	\$ (24)		\$(40)
Other comprehensive loss before reclassifications	(107)	(33)	(16)	(5)	(2)		(163)
Amounts reclassified from AOCI	50	^(a) (21)	^(b) —	—	—		29
Net other comprehensive loss	(57)	(54)	(16)	(5)	(2)		(134)
Less other comprehensive loss attributable to noncontrolling interests	(1)	—	—	(5)	—		(6)
Balances, September 30, 2015	\$(212)	\$ 164	\$ (36)	\$ (58)	\$ (26)		\$(168)

^(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 2 - Income Statement Impact of Derivative Instruments.

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

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7. Debt

Significant long-term debt issuances and borrowings by subsidiaries of NEE during the nine months ended September 30, 2016 were as follows:

	Principal Amount (millions)	Interest Rate		Maturity Date
FPL:				
Other long-term debt	\$ 150	Variable	(a)	2019
NEECH:				
Debentures	\$ 500	2.30	%	2019
Debentures, related to NEE's equity units	\$ 1,500	1.65	%	2021
Junior subordinated debentures	\$ 570	5.25	%	2076
Other long-term debt	\$ 100	1.00	%	2021
NEER:				
Senior secured limited-recourse term loans	\$ 837	Variable	(a)	2023 - 2035
Other long-term debt	\$ 925	Variable	(a)	2018 - 2022

(a) Variable rate is based on an underlying index plus a margin. Interest rate swap agreements have been entered into with respect to certain of these issuances. See Note 2.

See Note 9 - Spain Solar Projects for a discussion related to debt restructuring associated with the Spain solar projects.

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 September 30, 2016, the number of shares issued would (subject to antidilution adjustments) range from 0.3918 shares if the applicable market value of a share of common stock is less than or equal to \$127.63 to 0.3134 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 will be 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 the 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 September 2016, NEECH completed a remarketing of \$500 million aggregate principal amount of its Series G Debentures due September 1, 2018 (Debentures) that were issued in September 2013 as components of equity units issued concurrently by NEE (September 2013 equity units). The Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Debentures, the interest rate on the Debentures was reset to 1.649% per year, and interest is payable on March 1 and September 1 of each year, commencing March 1, 2017. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the September 2013 equity units, on September 1, 2016, NEE issued 5,101,000 shares of common stock in exchange for \$500 million.

8. Summary of Significant Accounting and Reporting Policies

NextEra Energy Partners, LP - In February and March 2016, NEP completed the sale of 11,155,000 common units representing limited partnership interests in NEP in a public offering for an aggregate purchase price of approximately \$287 million, or \$25.76 per common unit. In September 2016, NEP completed the sale of 11,962,300 common units representing limited partnership interests in NEP in a public offering for an aggregate purchase price of approximately \$342 million, or \$28.56 per common unit. These offerings, together with issuances of additional common units under NEP's at-the-market equity issuance program during the nine

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months ended September 30, 2016, resulted in a decrease of NEE's interest in NEP's operating projects to approximately 65.2% at September 30, 2016.

Leases - In February 2016, the FASB issued an accounting standards update which requires, among other things, that lessees recognize a lease liability, initially measured at the present value of the future lease payments; and a right-of-use asset for all leases (with the exception of short-term leases). The standards update will be effective for NEE and FPL beginning January 1, 2019. Early adoption is permitted. Lessees and lessors must apply a modified retrospective approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. NEE and FPL are currently evaluating the effect the adoption of this standards update will have on their consolidated financial statements.

Assets and Liabilities Associated with Assets Held for Sale - In April 2016, a subsidiary of NEER completed the sale of the Texas natural gas generation facilities for net cash proceeds of approximately \$456 million, after transaction costs and working capital adjustments. A NEER affiliate continued to operate the facilities included in the sale through September 2016. In connection with the sale and the related consolidating state income tax effects, a gain of approximately \$254 million (\$106 million after tax) was recorded in NEE's condensed consolidated statements of income for the nine months ended September 30, 2016 and is included in taxes other than income taxes and other - net. The carrying amounts of the major classes of assets and liabilities related to the facilities that were classified as held for sale on NEE's condensed consolidated balance sheet as of December 31, 2015 primarily represent property, plant and equipment and the related long-term debt.

In May 2016, NEER initiated a plan and received internal authorization to pursue the sale of its ownership interests in its natural gas generation facilities located primarily in Pennsylvania, which have a total generating capacity of 840 MW at September 30, 2016, and subsequently entered into an agreement to sell its ownership interests in these natural gas generation facilities. The transaction is expected to close in the fourth quarter of 2016, pending the satisfaction of customary closing conditions. The carrying amounts of the major classes of assets and liabilities related to the facilities that were classified as held for sale on NEE's condensed consolidated balance sheet as of September 30, 2016 primarily represent property, plant and equipment and the related long-term debt.

Merger Termination - On July 15, 2016, the Hawaii Public Utilities Commission issued an order dismissing NEE's and Hawaiian Electric Company, Inc.'s (HECO) merger application. As a result, on July 16, 2016, NEE terminated the agreement and plan of merger dated as of December 3, 2014 (merger agreement), by and among NEE, Hawaiian Electric Industries, Inc. (HEI), and two wholly owned direct subsidiaries of NEE, NEE Acquisition Sub I, LLC and NEE Acquisition Sub II, Inc., under which HECO, a wholly owned subsidiary of HEI, was to become a subsidiary of NEE. Pursuant to the terms of the merger agreement, NEE paid HEI a termination fee of \$90 million plus reimbursement to HEI for out-of-pocket expenses incurred in connection with the merger agreement of \$5 million, which was included in merger-related expenses in NEE's condensed consolidated statements of income for the three and nine months ended September 30, 2016.

Proposed Oncor-Related Transactions - On July 29, 2016, NEE, EFH Merger Co., LLC (Merger Sub), a direct wholly owned subsidiary of NEE, Energy Future Holdings Corp. (EFH Corp.) and Energy Future Intermediate Holding Company LLC (EFIH), a direct wholly owned subsidiary of EFH Corp., entered into an agreement and plan of merger (merger agreement). Pursuant to the merger agreement and after the reorganization of EFH Corp. (reorganized EFH) under the United States Bankruptcy Code, Merger Sub will acquire 100% of the equity of reorganized EFH Corp. and certain of its direct and indirect subsidiaries, including its indirect ownership of 80.03% of the outstanding equity

interests of Oncor Electric Delivery Company LLC (Oncor), a regulated electric distribution and transmission business that operates the largest distribution and transmission system in Texas. The merger agreement, as amended in September 2016, provides that the consideration for the transaction funded by NEE will be \$9.796 billion, which will be paid to certain creditors primarily in cash, with the remainder in shares of NEE common stock, which will be paid to certain creditors. The amount of consideration will be subject to adjustment as provided in the merger agreement. Completion of the merger and the actual closing date remain subject to, among other things, confirmation from the United States Bankruptcy Court for the District of Delaware, as well as approvals by the Public Utility Commission of Texas (PUCT) and the FERC. NEE, Merger Sub, EFH Corp. and EFIH have certain specified termination rights under the merger agreement. On October 31, 2016, NEE and Oncor filed a joint application with the PUCT requesting the approval of the EFH Corp. merger, as well as the TTHC merger described below. NEE expects the EFH Corp. merger to be completed in the first half of 2017.

On October 30, 2016, NEE and its direct wholly owned subsidiary WSS Acquisition Company (TTHC Merger Sub) entered into an agreement (TTHC merger agreement) with Texas Transmission Holdings Corporation (TTHC) and certain stockholders of TTHC, Cheyne Walk Investment Pte Ltd, Borealis Power Holdings Inc. and BPC Health Corporation (together, the Primary Holders). Pursuant to the TTHC merger agreement, TTHC Merger Sub would merge with TTHC for a total cash merger consideration to be paid by NEE of approximately \$2.410 billion, subject to adjustment as provided in the TTHC merger agreement. TTHC, through Texas Transmission Investment LLC (TTI), a wholly owned subsidiary, owns an approximately 20% interest in Oncor. Completion of the TTHC merger and actual closing date remain subject to, among other things, approvals by the PUCT and the FERC. NEE, TTHC Merger Sub, TTHC and the Primary Holders have certain specified termination rights under the TTHC merger agreement. NEE expects the TTHC transaction to be completed in the first half of 2017.

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On October 29, 2016, T & D Equity Acquisition, LLC (OMI purchaser), a wholly owned subsidiary of NEE, Oncor Management Investment LLC (OMI) and Oncor entered into an agreement for the OMI purchaser to purchase OMI's 0.22% interest in Oncor for approximately \$27 million. This transaction is subject to NEE closing on its agreement to acquire EFH Corp. described above. NEE expects the OMI transaction to be completed in the first half of 2017.

The TTHC and OMI transactions, when combined with NEE's agreement to acquire EFH Corp. described above, if approved, would result in NEE owning 100% of Oncor.

Proposed Sale Transaction - On November 1, 2016, FN Investments, LLC (FiberNet seller), an indirect wholly owned subsidiary of NEE, and CC FN Holdings LLC (FiberNet purchaser), a wholly owned subsidiary of Crown Castle International Corp., entered into an agreement whereby the FiberNet purchaser will acquire from the FiberNet seller all of the outstanding membership interests in FPL TEL, LLC, FPL FiberNet Holdings, LLC and NextEra FiberNet, LLC (together, FiberNet), which are wholly owned subsidiaries of NEE that provide fiber-optic network services, for a cash purchase price of \$1.5 billion, subject to certain adjustments. NEE expects to use a portion of the proceeds to retire approximately \$370 million principal amount of FiberNet long-term debt. FiberNet's total assets and liabilities and its results of operations are not material to NEE. The transaction is subject to, among other things, approval by the Federal Communications Commission and the public service commissions of Georgia, Louisiana and Texas. NEE expects the transaction to close in the first half of 2017.

9. Commitments and Contingencies

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

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At September 30, 2016, estimated capital expenditures for the remainder of 2016 through 2020 for which applicable internal approvals (and also, if required, FPSC approvals for FPL or regulatory approvals for acquisitions) have been received were as follows:

	Remainder of 2016 (millions)	2017	2018	2019	2020	Total
FPL:						
Generation: ^(a)						
New ^{(b)(c)}	\$155	\$510	\$260	\$135	\$10	\$1,070
Existing	245	955	680	525	540	2,945
Transmission and distribution	465	1,995	1,985	2,485	2,335	9,265
Nuclear fuel	45	125	190	170	210	740
General and other	115	265	240	185	185	990
Total	\$1,025	\$3,850	\$3,355	\$3,500	\$3,280	\$15,010
NEER:						
Wind ^(d)	\$585	\$860	\$475	\$25	\$25	\$1,970
Solar ^(e)	100	15	—	—	—	115
Nuclear, including nuclear fuel	115	235	265	255	250	1,120
Natural gas pipelines ^(f)	490	750	815	30	15	2,100
Other	120	45	40	40	40	285
Total	\$1,410	\$1,905	\$1,595	\$350	\$330	\$5,590
Corporate and Other	\$50	\$250	\$210	\$215	\$145	\$870

(a) Includes AFUDC of approximately \$19 million, \$47 million, \$66 million and \$29 million for the remainder of 2016 through 2019, respectively.

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

(c) Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive and maintain an NRC license for each unit.

(d) Consists of capital expenditures for new wind projects, repowering of existing wind projects and related transmission totaling approximately 3,375 MW, including 660 MW that received applicable internal approvals in October 2016.

(e) Includes capital expenditures for new solar projects and related transmission totaling approximately 470 MW.

(f) Includes capital expenditures for construction of three natural gas pipelines, including equity contributions associated with equity investments in joint ventures for two pipelines and AFUDC associated with the third pipeline. The natural gas pipelines are subject to certain conditions. See Contracts below.

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

Contracts - In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has commitments under long-term purchased power and fuel contracts. As of September 30, 2016, FPL is obligated under a take-or-pay purchased power contract to pay for 375 MW annually through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 444 MW from

certain cogenerators and small power producers with expiration dates ranging from 2025 through 2034. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the facilities meeting certain contract conditions. FPL has contracts with expiration dates through 2036 for the purchase and transportation of natural gas and coal, and storage of natural gas. In addition, FPL has entered into 25-year natural gas transportation agreements with each of Sabal Trail and Florida Southeast Connection, each of which will build, own and operate a pipeline that will be part of a natural gas pipeline system, for a quantity of 400,000 MMBtu/day beginning on May 1, 2017 and increasing to 600,000 MMBtu/day on May 1, 2020. These agreements contain firm commitments that are contingent upon the occurrence of certain events, including the completion of construction of the pipeline system to be built by Sabal Trail and Florida Southeast Connection. On April 1, 2016, a wholly owned NEER subsidiary purchased an additional 9.5% interest in Sabal Trail, resulting in a 42.5% total ownership interest. See Commitments above.

As of September 30, 2016, NEER has entered into contracts with expiration dates ranging from November 2016 through 2032 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel and has made commitments for the construction of the natural gas pipelines. Approximately \$3.8 billion of related commitments are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from December 2016 through 2019.

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The required capacity and/or minimum payments under the contracts discussed above as of September 30, 2016 were estimated as follows:

	Remainder of 2016 (millions)	2017	2018	2019	2020	Thereafter
FPL:						
Capacity charges ^(a)	\$45	\$165	\$155	\$135	\$110	\$690
Minimum charges, at projected prices: ^(b)						
Natural gas, including transportation and storage ^(c)	\$320	\$1,065	\$870	\$860	\$910	\$12,970
Coal, including transportation	\$25	\$120	\$5	\$5	\$—	\$—
NEER	\$1,235	\$1,345	\$985	\$125	\$95	\$370
Corporate and Other ^{(d)(e)}	\$35	\$25	\$5	\$—	\$5	\$—

Capacity charges under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately \$41 million and \$112 million for the three months ended September 30, 2016 and 2015, respectively, and approximately \$134 million and \$349 million for the nine months ended September 30, 2016 and (a)2015, respectively. Energy charges under these contracts, which are recoverable through the fuel clause, totaled approximately \$57 million and \$99 million for the three months ended September 30, 2016 and 2015, respectively, and approximately \$103 million and \$221 million for the nine months ended September 30, 2016 and 2015, respectively.

(b) Recoverable through the fuel clause.

Includes approximately \$200 million, \$295 million, \$290 million, \$360 million and \$7,885 million in 2017, 2018, (c)2019, 2020 and thereafter, respectively, of firm commitments, subject to certain conditions as noted above, related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection.

(d) Includes an approximately \$30 million commitment to invest primarily in clean power and technology businesses through 2021.

(e) Excludes approximately \$215 million, \$190 million and \$30 million in 2016, 2017 and 2018, respectively, of joint obligations of NEECH and NEER which are included in the NEER amounts above.

In addition, FPL has entered into, and the FPSC and the FERC have approved, a purchase agreement under which FPL will assume ownership of a 330 MW coal-fired generation facility located in Indiantown, Florida for a purchase price of \$451 million (including existing debt of approximately \$218 million). FPL currently has a long-term purchased power agreement with this facility for substantially all of its capacity and energy. The remaining payments under the long-term purchased power agreement, which total approximately \$810 million (including \$23 million for the remainder of 2016) are included in the table above under capacity charges. Upon taking ownership of this facility, which is expected to occur in January 2017, FPL expects to reduce the plant's operations with the intention of eventually phasing the plant out of service. FPL will also record a regulatory asset for approximately \$451 million, which will be amortized over nine years and recovered through the capacity clause with a return on the portion of the unamortized balance of the regulatory asset. Until the plant is phased out of service, FPL will recover the operating costs and fuel costs of the facility through the capacity clause and the fuel clause, respectively.

In October 2015, a subsidiary of NEP completed the acquisition of the Texas pipelines. The purchase price is subject to (i) a \$200 million holdback payable, in whole or in part, upon satisfaction of financial performance and capital expenditure thresholds relating to planned expansion projects (contingent holdback) and (ii) a \$200 million holdback

retained to satisfy any indemnification obligations of the sellers through April 2017 (indemnity holdback). Contingent consideration is required to be reported at fair value at each reporting date. NEE determined this fair value measurement 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. During the three and nine months ended September 30, 2016, NEE recorded approximately \$101 million and \$118 million, respectively, of fair value adjustments to decrease the contingent holdback based on updated estimates associated with management's probability assessment. The fair value adjustments are included in revaluation of contingent consideration in NEE's condensed consolidated statements of income. At September 30, 2016 and December 31, 2015, the estimated fair value of the contingent holdback was approximately \$70 million and \$186 million, respectively, and the carrying amount of the indemnity holdback was approximately \$197 million and \$188 million, respectively. The contingent and indemnity holdbacks are included in current other liabilities at September 30, 2016 and in noncurrent other liabilities at December 31, 2015 on NEE's condensed consolidated balance sheets.

Insurance - Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$13.0 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to \$1.0 billion (\$509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed \$152 million (\$76 million for FPL) per incident per year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates \$15 million, \$38 million and \$19 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides \$2.75 billion of limited insurance coverage per occurrence

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per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of \$1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to \$187 million (\$113 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 \$3 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, and has no property insurance coverage for FPL FiberNet's fiber-optic cable. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law. FPL expects to file a petition with the FPSC in the fourth quarter of 2016 to seek interim recovery of storm restoration costs associated with Hurricane Hermine in September 2016 and Hurricane Matthew in October 2016 that exceed the reserve amount, as well as to replenish the 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 or Lone Star Transmission, LLC, would be borne by NEE and/or FPL and/or their affiliates, as the case may be, and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

Spain Solar Projects - Since 2013, various events of default had occurred under the project-level financing agreements for the solar thermal facilities in Spain (Spain solar projects) as a result of changes of law that occurred in December 2012 and February 2013. Because the lenders had the right to accelerate payment of the project-level debt as a result of the events of default, such debt and the associated derivative liabilities related to interest rate swaps were classified as current maturities of long-term debt and current derivative liabilities, respectively. Additionally, impairments recorded in 2013 due to the changes of law caused the project-level subsidiaries in Spain to have a negative net equity position on their balance sheets, which required them under Spanish law to commence liquidation proceedings if the net equity position was not restored to specified levels.

In August 2016, NextEra Energy España, S.L., the NEER subsidiary in Spain that is the direct shareholder of the project-level subsidiaries, and the project-level subsidiaries entered into an agreement with the lenders to restructure the project-level debt, which included, among other things, a re-amortization of the debt, including extending the maturity date from 2030 to 2037, and reducing the original interest rate under the project-level financing agreements. At closing, the NEECH affiliates' remaining letter of credit posting obligation on behalf of the project-level subsidiaries of approximately €23 million (approximately \$26 million) was used primarily to make a prepayment of the restructured project-level debt. The noncurrent portions of the restructured project-level debt, net of unamortized debt issuance costs, and associated derivative liabilities related to the interest rate swaps were reclassified as long-term debt and noncurrent derivative liabilities, respectively, on NEE's condensed consolidated balance sheet as of September 30, 2016 and totaled approximately \$537 million and \$155 million, respectively, at that date. The debt restructuring allowed the negative net equity position of the project-level subsidiaries to be restored to a level above that which is

required by Spanish law and the liquidation process was rescinded. The restructured debt is secured solely by the assets of the project-level subsidiaries.

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10. Segment Information

NEE's reportable segments are FPL, a rate-regulated electric utility, and NEER, a competitive energy business. NEER's segment information includes an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs. Corporate and Other represents other business activities and includes eliminating entries. NEE's segment information is as follows:

	Three Months Ended September 30, 2016			2015			Corporate and Other ^(b)	NEE Consoli- dated
	FPL	NEER ^(a)	Corporate and Other	FPL	NEER ^{(a)(b)}	NEE Consoli- dated (millions)		
Operating revenues	\$3,283	\$1,430	\$92	\$4,805	\$3,274	\$1,586	\$94	\$4,954
Operating expenses	\$2,362	\$974	\$190	\$3,526	\$2,419	\$972	\$82	\$3,473
Net income (loss) attributable to NEE	\$515	\$307	^(c) \$ (69)	\$753	\$489	\$379	^(c) \$11	\$879

	Nine Months Ended September 30, 2016			2015			Corporate and Other ^(b)	NEE Consoli- dated
	FPL	NEER ^(a)	Corporate and Other	FPL	NEER ^{(a)(b)}	NEE Consoli- dated (millions)		
Operating revenues	\$8,337	\$3,841	\$279	\$12,457	\$8,812	\$4,315	\$290	\$13,417
Operating expenses	\$5,874	\$2,575	\$326	\$8,775	\$6,509	\$2,918	\$233	\$9,660
Net income (loss) attributable to NEE	\$1,356	\$765	^(c) \$ (175)	\$1,946	\$1,283	\$936	^(c) \$26	\$2,245

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

Residual NEECH corporate interest expense is included in Corporate and Other.

(b) Amounts were adjusted to reflect the fourth quarter 2015 segment change related to natural gas pipeline projects.

(c) See Note 4 for a discussion of NEER's tax benefits related to PTCs.

	September 30, 2016			December 31, 2015			NEE Consoli- dated	
	FPL	NEER	Corporate and Other	FPL	NEER	Corporate and Other		
Total assets	\$44,617	\$40,760	\$2,487	\$87,864	\$42,523	\$37,647	\$2,309	\$82,479

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11. Summarized Financial Information of NEECH

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

Condensed Consolidating Statements of Income

	Three Months Ended September 30,							
	2016			2015				
	NEE (Guarantor)	NEECH	Other ^(a)	NEE Consoli- dated (millions)	NEE (Guarantor)	NEECH	Other ^(a)	NEE Consoli- dated
Operating revenues	\$—	\$1,526	\$3,279	\$4,805	\$—	\$1,683	\$3,271	\$4,954
Operating expenses	(5)	(1,032)	(2,489)	(3,526)	(3)	(1,045)	(2,425)	(3,473)
Interest expense	—	(255)	(114)	(369)	(1)	(200)	(110)	(311)
Equity in earnings of subsidiaries	765	—	(765)	—	865	—	(865)	—
Other income - net	4	276	17	297	—	114	18	132
Income (loss) before income taxes	764	515	(72)	1,207	861	552	(111)	1,302
Income tax expense (benefit)	11	141	266	418	(18)	167	272	421
Net income (loss)	753	374	(338)	789	879	385	(383)	881
Less net income attributable to noncontrolling interests	—	36	—	36	—	2	—	2
Net income (loss) attributable to NEE	\$753	\$338	\$(338)	\$753	\$879	\$383	\$(383)	\$879

	Nine Months Ended September 30,							
	2016			2015				
	NEE (Guarantor)	NEECH	Other ^(a)	NEE Consoli- dated (millions)	NEE (Guarantor)	NEECH	Other ^(a)	NEE Consoli- dated
Operating revenues	\$—	\$4,131	\$8,326	\$12,457	\$—	\$4,616	\$8,801	\$13,417
Operating expenses	(14)	(2,756)	(6,005)	(8,775)	(12)	(3,124)	(6,524)	(9,660)
Interest expense	(1)	(1,137)	(342)	(1,480)	(3)	(573)	(336)	(912)
Equity in earnings of subsidiaries	1,989	—	(1,989)	—	2,226	—	(2,226)	—
Other income - net	5	603	57	665	—	343	45	388
Income (loss) before income taxes	1,979	841	47	2,867	2,211	1,262	(240)	3,233
Income tax expense (benefit)	33	71	775	879	(34)	293	722	981
Net income (loss)	1,946	770	(728)	1,988	2,245	969	(962)	2,252
Less net income attributable to noncontrolling interests	—	42	—	42	—	7	—	7
Net income (loss) attributable to NEE	\$1,946	\$728	\$(728)	\$1,946	\$2,245	\$962	\$(962)	\$2,245

(a) Represents primarily FPL and consolidating adjustments.

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Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended September 30, 2016		2015					
	NEE (Guarantor)	NEECH (Guarantor)	Other ^(a)	NEE Consoli- dated (millions)	NEE (Guarantor)	NEECH (Guarantor)	Other ^(a)	NEE Consoli- dated
Comprehensive income (loss) attributable to NEE	\$ 799	\$ 384	\$ (384)	\$ 799	\$ 714	\$ 218	\$ (218)	\$ 714

	Nine Months Ended September 30, 2016		2015					
	NEE (Guarantor)	NEECH (Guarantor)	Other ^(a)	NEE Consoli- dated (millions)	NEE (Guarantor)	NEECH (Guarantor)	Other ^(a)	NEE Consoli- dated
Comprehensive income (loss) attributable to NEE	\$ 2,078	\$ 866	\$ (866)	\$ 2,078	\$ 2,117	\$ 850	\$ (850)	\$ 2,117

(a) Represents primarily FPL and consolidating adjustments.

Condensed Consolidating Balance Sheets

	September 30, 2016			December 31, 2015				
	NEE (Guarantor)	NEECH (Guarantor)	Other ^(a)	NEE Consoli- dated (millions)	NEE (Guarantor)	NEECH (Guarantor)	Other ^(a)	NEE Consoli- dated
PROPERTY, PLANT AND EQUIPMENT								
Electric plant in service and other property	\$ 28	\$ 37,986	\$ 47,849	\$ 85,863	\$ 27	\$ 34,921	\$ 45,382	\$ 80,330
Accumulated depreciation and amortization	(18)	(7,823)	(12,405)	(20,246)	(16)	(7,067)	(11,861)	(18,944)
Total property, plant and equipment - net	10	30,163	35,444	65,617	11	27,854	33,521	61,386
CURRENT ASSETS								
Cash and cash equivalents	—	634	47	681	—	546	25	571
Receivables	210	1,908	741	2,859	90	1,510	665	2,265
Other	4	1,891	1,312	3,207	4	2,443	1,512	3,959
Total current assets	214	4,433	2,100	6,747	94	4,499	2,202	6,795
OTHER ASSETS								
Investment in subsidiaries	23,851	—	(23,851)	—	22,544	—	(22,544)	—
Other	808	8,844	5,848	15,500	823	7,790	5,685	14,298
Total other assets	24,659	8,844	(18,003)	15,500	23,367	7,790	(16,859)	14,298
TOTAL ASSETS	\$ 24,883	\$ 43,440	\$ 19,541	\$ 87,864	\$ 23,472	\$ 40,143	\$ 18,864	\$ 82,479
CAPITALIZATION								

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Common shareholders' equity	\$23,907	\$8,196	\$(8,196)	\$23,907	\$22,574	\$6,990	\$(6,990)	\$22,574
Noncontrolling interests	—	962	—	962	—	538	—	538
Long-term debt	—	18,350	9,845	28,195	—	16,725	9,956	26,681
Total capitalization	23,907	27,508	1,649	53,064	22,574	24,253	2,966	49,793
CURRENT LIABILITIES								
Debt due within one year	—	2,500	982	3,482	—	2,786	220	3,006
Accounts payable	1	2,089	710	2,800	4	1,919	606	2,529
Other	294	2,301	1,579	4,174	252	3,003	1,317	4,572
Total current liabilities	295	6,890	3,271	10,456	256	7,708	2,143	10,107
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	—	747	1,890	2,637	—	647	1,822	2,469
Deferred income taxes	82	2,636	7,864	10,582	157	2,396	7,274	9,827
Other	599	5,659	4,867	11,125	485	5,139	4,659	10,283
Total other liabilities and deferred credits	681	9,042	14,621	24,344	642	8,182	13,755	22,579
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	\$24,883	\$43,440	\$19,541	\$87,864	\$23,472	\$40,143	\$18,864	\$82,479

(a) Represents primarily FPL and consolidating adjustments.

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Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30,							
	2016			2015				
	NEE	NEE	Other ^(a)	NEE	NEE	NEE	Other ^(a)	NEE
	(Guaran- tor)	NEECH		Consoli- dated	(Guaran- tor)	NEECH		Consoli- dated
	(millions)							
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$1,164	\$1,781	\$2,349	\$5,294	\$1,242	\$1,834	\$1,437	\$4,513
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures, independent power and other investments and nuclear fuel purchases	(1)	(4,831)	(3,097)	(7,929)	—	(3,058)	(2,618)	(5,676)
Capital contributions from NEE	(432)	—	432	—	(1,454)	—	1,454	—
Sale of independent power and other investments of NEER	—	395	—	395	—	34	—	34
Proceeds from the sale of a noncontrolling interest in subsidiaries	—	645	—	645	—	319	—	319
Other - net	—	(63)	(31)	(94)	(17)	2	(139)	(154)
Net cash used in investing activities	(433)	(3,854)	(2,696)	(6,983)	(1,471)	(2,703)	(1,303)	(5,477)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	—	4,494	150	4,644	—	3,377	85	3,462
Retirements of long-term debt	—	(2,392)	(262)	(2,654)	—	(2,547)	(550)	(3,097)
Proceeds from sale of differential membership interests	—	328	—	328	—	46	—	46
Payments to differential membership investors	—	(84)	—	(84)	—	(68)	—	(68)
Proceeds from notes payable	—	—	500	500	—	1,450	—	1,450
Repayments of notes payable	—	(212)	(150)	(362)	—	(313)	—	(313)
Net change in commercial paper	—	(154)	408	254	—	780	(896)	(116)
Issuances of common stock	528	—	—	528	1,274	—	—	1,274
Dividends on common stock	(1,205)	—	—	(1,205)	(1,031)	—	—	(1,031)
Contributions from (dividends to) NEE	—	294	(294)	—	—	(1,214)	1,214	—
Other - net	(54)	(113)	17	(150)	(14)	(55)	30	(39)
Net cash provided by (used in) financing activities	(731)	2,161	369	1,799	229	1,456	(117)	1,568
Net increase in cash and cash equivalents	—	88	22	110	—	587	17	604
Cash and cash equivalents at beginning of period	—	546	25	571	—	562	15	577
Cash and cash equivalents at end of period	\$—	\$634	\$47	\$681	\$—	\$1,149	\$32	\$1,181

(a) Represents primarily FPL and consolidating adjustments.

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

OVERVIEW

NEE's operating performance is driven primarily by the operations of its two principal subsidiaries, FPL, which serves approximately 4.8 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the U.S., and NEER, which together with affiliated entities is the largest generator in North America of renewable energy from the wind and sun based on MWh produced. 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, FPL FiberNet and other business activities, as well as other income and expense items, including interest expense, income taxes and eliminating entries (see Note 10 for additional segment information). The following discussions should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the 2015 Form 10-K. The results of operations for an interim period generally will not give a true indication of results for the year. In the following discussions, all comparisons are with the corresponding items in the prior year period.

	Net Income (Loss) Attributable to NEE		Earnings (Loss) Per Share, Assuming Dilution		Net Income (Loss) Attributable to NEE		Earnings (Loss) Per Share, Assuming Dilution	
	Three Months Ended September 30, 2016	2015	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
	(millions)				(millions)			
FPL	\$515	\$489	\$1.11	\$1.07	\$1,356	\$1,283	\$2.92	\$2.84
NEER ^{(a)(b)}	307	379	0.66	0.83	765	936	1.65	2.07
Corporate and Other ^(b)	(69)	11	(0.15)	0.03	(175)	26	(0.38)	0.06
NEE	\$753	\$879	\$1.62	\$1.93	\$1,946	\$2,245	\$4.19	\$4.97

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

(b) NEER's and Corporate and Other's results for 2015 were retrospectively adjusted to reflect the fourth quarter segment change related to natural gas pipeline projects.

On July 29, 2016, NEE, Merger Sub, EFH Corp. and EFIH entered into a merger agreement under which Merger Sub will acquire 100% of the equity of reorganized EFH Corp. and certain of its direct and indirect subsidiaries, including its indirect ownership of 80.03% of the outstanding equity interests of Oncor. In late October 2016, additional agreements were entered into with other parties that, when combined with the EFH Corp. merger agreement, if approved, would result in NEE owning 100 percent of Oncor. See Note 8 - Proposed Oncor-Related Transactions.

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, for analysis of performance, for

reporting of results to the Board of Directors and as an input in determining performance-based compensation under NEE's employee incentive compensation plans. NEE also uses adjusted earnings when communicating its financial results and earnings outlook to analysts and investors. NEE's management believes adjusted earnings provides a more meaningful representation of NEE's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under GAAP.

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

NEE, through NEER and Corporate and Other, segregate into two categories unrealized mark-to-market gains and losses on derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative, 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 unrealized mark-to-market 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. In January 2016, NEE discontinued hedge accounting for all of its remaining interest rate and foreign currency derivative instruments, which could result in increased volatility in the non-qualifying hedge category. In connection with discontinuing hedge accounting for all of its remaining interest rate and foreign currency derivative instruments, in May 2016, NEE also began recording changes in the fair value of interest rate derivatives entered into as economic hedges to offset expected future debt issuances as non-qualifying hedges. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 2.

In order to make period to period comparisons more meaningful, adjusted earnings also exclude the costs incurred associated with the proposed merger between NEE, HEI and two wholly owned direct subsidiaries of NEE, which was terminated effective July 16, 2016 (see Note 8 - Merger Termination) and the costs incurred associated with the merger agreement between NEE, Merger Sub, EFH Corp. and EFIH (see Note 8 - Proposed Oncor-Related Transactions), the after-tax operating results associated with the Spain solar projects, and the resolution of contingencies related to a previous asset sale which was recorded in the first quarter of 2016 as gains on disposal of assets - net in NEE's condensed consolidated statements of income. In April 2016, a subsidiary of NEER completed the sale of its ownership interest in the Texas natural gas generation facilities. In connection with the sale and the related consolidating state income tax effects, a gain of approximately \$254 million (\$106 million after tax) was recorded in NEE's condensed consolidated statements of income during the nine months ended September 30, 2016 and is included in taxes other than income taxes and other - net.

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

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015	2016	2015
	(millions)			
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity ^(a)	\$27	\$158	\$(389)	\$210
After-tax losses from OTTI on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals	\$—	\$(13)	\$(4)	\$(14)
After-tax operating results of NEER's Spain solar projects	\$—	\$9	\$(4)	\$5
After-tax merger-related expenses - Corporate and Other	\$(83)	\$(5)	\$(88)	\$(16)
After-tax gain on sale of the Texas natural gas generation facilities ^(b)	\$—	\$—	\$106	\$—
Resolution of contingencies related to a previous asset sale - NEER	\$—	\$—	\$5	\$—

For the three months ended September 30, 2016 and 2015, approximately \$28 million and \$158 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other. For the nine months ended September 30, 2016 and 2015, approximately \$295 million of losses and \$203 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

Approximately \$164 million of the gain was recorded in NEER's net income; the balance is included in Corporate and Other. See Note 8 - Assets and Liabilities Associated with Assets Held for Sale and Note 4.

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

RESULTS OF OPERATIONS

Summary

Net income attributable to NEE for the three months ended September 30, 2016 was lower than the prior year period by \$126 million, reflecting lower results at NEER and Corporate and Other, partly offset by higher results at FPL. Net income attributable to NEE for the nine months ended September 30, 2016 was lower than the prior year period by \$299 million, reflecting lower results at NEER and Corporate and Other, partly offset by higher results at FPL.

FPL's increase in net income for the three and nine months ended September 30, 2016 was primarily driven by continued investments in plant in service and other property while earning an 11.50% regulatory ROE on its retail rate base.

NEER's results decreased for the three months ended September 30, 2016 reflecting lower net unrealized gains from non-qualifying hedge activity compared to the gains from such hedges in the prior year period and lower earnings on gas infrastructure and existing assets. NEER's results decreased for the nine months ended September 30, 2016 reflecting net unrealized losses from non-qualifying hedge activity compared to the gains from such hedges in the prior year period, lower earnings on gas infrastructure and existing assets and higher interest and general and administrative expenses. These decreases were partly offset by contributions from new investments and, for the nine months ended September 30, 2016, the gain on the sale of the Texas natural gas generation facilities. The net unrealized gains (losses) from non-qualifying hedge activity includes approximately \$3 million of after-tax gains and \$129 million of after-tax losses for the three and nine months ended September 30, 2016, respectively, related to interest rate derivative instruments for which hedge accounting was discontinued in January 2016.

Corporate and Other's results decreased for the three and nine months ended September 30, 2016 primarily due to higher merger-related expenses and, for the nine months ended September 30, 2016, net unrealized losses from non-qualifying hedge activity primarily associated with interest rate and foreign currency derivative instruments.

NEE's effective income tax rates for the three months ended September 30, 2016 and 2015 were approximately 35% and 32%, respectively. NEE's effective income tax rates for the nine months ended September 30, 2016 and 2015 were approximately 31% and 30%, respectively. The rates for all periods reflect the benefit of PTCs for NEE's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and certain wind projects at NEE. PTCs, ITCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by PTC roll off. PTCs for the three months ended September 30, 2016 and 2015 were approximately \$19 million and \$29 million, respectively, and \$92 million and \$105 million for the comparable nine-month periods. ITCs and deferred income tax benefits associated with convertible ITCs for the three months ended September 30, 2016 and 2015 were approximately \$34 million and \$16 million, respectively, and \$115 million and \$67 million for the comparable nine-month periods. In addition, the rates for the nine months ended September 30, 2016 reflect a consolidating income tax adjustment of approximately \$58 million related to the sale of the Texas natural gas generation facilities and noncash income tax benefits of approximately \$30 million (\$26 million attributable to NEE) related to the Canadian tax restructuring. See Note 4.

FPL: Results of Operations

FPL's net income for the three months ended September 30, 2016 and 2015 was \$515 million and \$489 million, respectively, representing an increase of \$26 million. FPL's net income for the nine months ended September 30, 2016 and 2015 was \$1,356 million and \$1,283 million, respectively, representing an increase of \$73 million.

The use of reserve amortization is permitted by a January 2013 FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations associated with the 2012 rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In certain periods, reserve amortization must be reversed so as not to exceed the targeted 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 costs not allowed to be recovered from retail customers by the FPSC. During the three months ended September 30, 2016 and 2015, FPL recorded the reversal of reserve amortization of approximately \$159 million and \$115 million, respectively. During the nine months ended September 30, 2016 and 2015, FPL recorded reserve amortization of approximately \$33 million and the reversal of reserve amortization of \$81 million, respectively.

The \$26 million and \$73 million increase in FPL's net income for the three and nine months ended September 30, 2016, respectively, was primarily driven by higher earnings from investments in plant in service and other property. Such investments grew FPL's average retail rate base for the three and nine months ended September 30, 2016 by approximately \$2.8 billion and \$2.3 billion, respectively, when compared to the same periods in the prior year, reflecting, among other things, the modernized Port Everglades power plant that was placed in service on April 1, 2016 and ongoing transmission and distribution additions.

FPL's operating revenues consisted of the following:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
	(millions)			
Retail base	\$1,729	\$1,609	\$4,437	\$4,280
Fuel cost recovery	915	1,078	2,393	2,931
Net recognition of deferred retail fuel revenues	79	—	5	—
Other cost recovery clauses and pass-through costs, net of any deferrals	418	461	1,132	1,241
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	142	126	370	360
Total	\$3,283	\$3,274	\$8,337	\$8,812

Retail Base

Retail base revenues increased approximately \$60 million and \$124 million during the three and nine months ended September 30, 2016, respectively, related to the modernized Port Everglades power plant that was placed in service on April 1, 2016; the annualized effect of such retail base rate increase assuming normal weather is approximately \$216 million.

Retail Customer Usage and Growth

In the three and nine months ended September 30, 2016, FPL experienced a 2.5% increase and 0.6% decrease, respectively, in

average usage per retail customer and a 1.4% increase for both periods in the average number of customer accounts which collectively, together with other factors, resulted in an increase in revenues of approximately \$60 million and \$33 million, respectively. For the three months ended September 30, 2016, warmer weather as compared to the same period in 2015 contributed to the increased revenues. For the nine months ended September 30, 2016, increased revenues reflect higher customer growth which was slightly offset by milder weather compared to the same period in 2015.

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 solar and environmental projects, the unamortized balance of the regulatory asset associated with FPL's acquisition of a 250 MW coal-fired generation facility located in Jacksonville, Florida (Cedar Bay) in September 2015 and nuclear capacity. The decrease in fuel cost recovery revenues for the three months ended September 30, 2016 is primarily due to a decrease of approximately \$207 million related to a lower average fuel factor partly offset by an increase of \$42 million related to higher retail energy sales. The decrease in fuel cost recovery revenues for the nine months ended September 30, 2016 is primarily due to a decrease of approximately \$553 million related to a lower average fuel factor and lower revenues from interchange power sales of \$23 million, partly offset by an increase of \$40 million related to higher retail energy sales. Net recognition of deferred retail fuel revenues totaled \$79 million during the three months ended September 30, 2016 due to the previous overrecovery of costs through rates. Net recognition of deferred retail fuel revenues totaled approximately \$5 million during the nine months ended September 30, 2016 due to the previous overrecovery of costs through rates, partly offset by the provision for refund described below.

Declines in revenues from other cost recovery clauses and pass-through costs were largely due to reductions in purchased power and capacity expenses associated with the capacity clause. Cost recovery clauses contributed approximately \$21 million and \$20 million to FPL's net income for the three months ended September 30, 2016 and 2015, respectively, and \$68 million and \$55 million for the comparable nine-month periods. The increase in both 2016 periods primarily relates to the acquisition of Cedar Bay in September 2015.

Provision for Refund

In March 2015, after receiving FPSC approval, a wholly owned subsidiary of FPL partnered with a third party to develop up to 38 natural gas production wells in the Woodford Shale region in southeastern Oklahoma and in return began receiving its ownership share of the natural gas produced from these wells. In May 2016, the Florida Supreme Court (Court) reversed the FPSC's order approving FPL's investment in the Woodford Shale wells because the Court concluded that the FPSC exceeded its statutory authority when approving recovery of FPL's costs and investment in these wells. During the nine months ended September 30, 2016, FPL recorded a provision for refund of approximately \$21 million (\$13 million after tax) associated with the Court's decision. FPL's wholly owned subsidiary, which is not subject to FPSC authority, plans to sell its future share of the natural gas produced from the Woodford Shale wells to third parties at market price. Also, in response to the Court's decision on the Woodford Shale order, the FPSC vacated its July 2015 order approving a set of guidelines under which FPL could participate in additional natural gas production projects.

Other Items Impacting FPL's Condensed Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

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

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	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015	2016	2015
	(millions)			
Fuel and energy charges during the period	\$1,006	\$1,021	\$2,377	\$2,765
Net recognition of deferred retail fuel costs	—	46	29	155
Net deferral of retail fuel costs	(8) —	—	—
Other, primarily capacity charges, net of any capacity deferral	47	128	150	378
Total	\$1,045	\$1,195	\$2,556	\$3,298

The decrease in fuel and energy charges for the three and nine months ended September 30, 2016 primarily reflects approximately \$54 million and \$398 million, respectively, of lower fuel and energy prices partly offset by \$38 million and \$14 million, respectively, related to higher energy sales. In addition, FPL deferred approximately \$8 million of retail fuel costs during the three months ended September 30, 2016 and recognized approximately \$29 million of deferred retail fuel costs during the nine months ended September 30, 2016 compared to recognition of \$46 million and \$155 million of deferred retail fuel costs in the three and nine months ended September 30, 2015, respectively. The decrease in other in both periods is primarily due to lower capacity fees in part related to the termination of certain long-term purchased power agreements, including the Cedar Bay purchased power agreement after FPL assumed ownership of Cedar Bay in September 2015.

O&M Expenses

FPL's O&M expenses decreased approximately \$7 million for the three months ended September 30, 2016 reflecting lower cost

recovery clause costs which, as discussed above, do not have a significant impact on net income, partly offset by higher nuclear generation costs. FPL's O&M expenses increased approximately \$56 million for the nine months ended September 30, 2016 reflecting higher fossil and nuclear generation costs, employee-related costs and weather-related restoration costs.

Depreciation and Amortization Expense

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

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2015	2016	2015	2016
Reserve reversal (amortization) recorded under the 2012 rate agreement	\$159	\$115	\$(33)	\$81
Other depreciation and amortization recovered under base rates	352	317	1,020	939
Depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization	76	53	220	134
Total	\$587	\$485	\$1,207	\$1,154

The reserve amortization, or reversal of such amortization, reflects adjustments to the depreciation and fossil dismantlement reserve provided under the 2012 rate agreement in order to achieve the targeted regulatory ROE. At September 30, 2016, approximately \$230 million of the reserve remains available for future amortization over the term of the 2012 rate agreement. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) regulatory liabilities - accrued asset removal costs on the condensed consolidated balance sheets. The increase in other depreciation and amortization expense recovered under base rates for the three and nine months ended September 30, 2016 is due to higher transmission and distribution and plant in service balances, including the modernized Port Everglades power plant that was placed in service on April 1, 2016. The increase in depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization for the three and nine months ended September 30, 2016 primarily relates to the amortization of a regulatory asset associated with the September 2015 acquisition of Cedar Bay.

AFUDC - Equity

AFUDC - equity for the three and nine months ended September 30, 2016 primarily reflects additional AFUDC - equity recorded on construction expenditures associated with the peaker upgrade project and three solar PV projects. The additional AFUDC - equity was more than offset for the three months ended September 30, 2016 and partly offset for the nine months ended September 30, 2016 by lower AFUDC - equity associated with the modernized Port Everglades power plant which was placed in service in April 2016.

FPL Rate Case

In March 2016, FPL filed a petition with the FPSC requesting, among other things, an increase to base annual revenue requirements effective January 2017. Hearings on the base rate proceeding were held during the third quarter of 2016. On October 6, 2016, FPL and several intervenors in FPL's base rate proceeding filed with the FPSC a joint motion for the FPSC to approve a stipulation and settlement signed by those parties (proposed 2016 rate agreement) that would resolve all matters in FPL's pending base rate proceeding and related dockets. Key elements of the proposed 2016 rate agreement, which would be effective from January 2017 through December 2020, include the following:

New retail base rates and charges would be established resulting in the following increases in annualized retail base revenues commencing as follows:

\$400 million beginning January 1, 2017,

\$211 million beginning January 1, 2018, and

\$200 million when a new approximately 1,600 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida (Okeechobee power plant) achieves commercial operation, which is expected to occur in mid-2019.

In addition, FPL would be eligible to receive, subject to conditions specified in the proposed 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 could carry forward any unused MW to subsequent years. FPL would be required to demonstrate that any proposed solar facilities are cost effective and has agreed to an installed cost cap of \$1,750 per kW.

FPL's allowed regulatory ROE would be 10.55%, with a range of 9.60% to 11.60%. If FPL's earned regulatory ROE were to fall below 9.60%, FPL could seek retail base rate relief. If the earned regulatory ROE were to rise above 11.60%, any party other than FPL could seek a review of FPL's retail base rates.

Subject to certain conditions, FPL could amortize, over the term of the proposed 2016 rate agreement, up to \$1.0 billion of depreciation reserve surplus plus any reserve amount remaining under FPL's 2012 rate agreement at the end of 2016, provided that in any year of the proposed 2016 rate agreement, FPL would amortize at least enough reserve to maintain a 9.60% earned regulatory ROE but would 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 were to exceed \$800 million in any given calendar year, FPL could request an increase to the \$4 surcharge to recover the amount above \$400 million.

The proposed 2016 rate agreement is subject to FPSC approval. A hearing on the proposed 2016 rate agreement was held October 27, 2016 and the FPSC is expected to rule on the proposed 2016 rate agreement on November 29, 2016.

Storm Restoration

FPL was impacted by Hurricane Hermine in September 2016 and Hurricane Matthew in October 2016. Hurricane Matthew resulted in damage in much of FPL's service territory and caused approximately 1.2 million of FPL's customers to lose electrical service, all of which has been restored. Damage to FPL property was primarily limited to the transmission and distribution systems. Although FPL has not completed the final accounting of all storm restoration costs, FPL estimates storm restoration costs for both events will total approximately \$350 million, the majority of which relates to Hurricane Matthew. Prior to these storms, FPL's storm and property insurance reserve had the capacity to absorb approximately \$112 million in additional storm restoration costs. Storm restoration costs that exceed this amount will be deferred and recorded as a regulatory asset on NEE's and FPL's balance sheets. Under the 2012 rate agreement, beginning 60 days following the filing of a cost recovery petition with the FPSC, FPL is authorized to recover the excess of storm restoration costs over the reserve amount on an interim basis through surcharges, plus approximately \$117 million to replenish the reserve to the level authorized by the 2012 rate agreement. Interim recovery is available for storm restoration costs that in total for a calendar year do not exceed \$4 for every 1,000 kWh of usage on monthly residential bills based on a 12 month recovery period. FPL intends to file a petition with the FPSC in the fourth quarter of 2016 to seek interim recovery of the storm restoration costs and to replenish the reserve under this mechanism.

Capital Initiatives

During the nine months ended September 30, 2016, FPL began construction on three solar PV projects that are each expected to provide approximately 74 MW and received final approval to begin construction on the Okeechobee power plant. In April 2016, FPL placed in service the modernized natural gas-fired combined-cycle unit at its Port Everglades power plant with approximately 1,237 MW of capacity. In addition, FPL has entered into a purchase agreement under which it will assume ownership of a 330 MW coal-fired generation facility located in Indiantown, Florida (see Note 9 - Contracts).

NEER: Results of Operations

NEER's net income less net income attributable to noncontrolling interests for the three months ended September 30, 2016 and 2015 was \$307 million and \$379 million, respectively, representing a decrease of \$72 million. NEER's net income less net income attributable to noncontrolling interests for the nine months ended September 30, 2016 and 2015 was \$765 million and \$936 million, respectively, representing a decrease of \$171 million. The primary drivers, on an after-tax basis, of the changes are in the following table.

	Increase (Decrease)
	From Prior Year Period
	Three Nine Months Months Ended Ended September September

	30,	30, 2016
	2016	
	(millions)	
New investments ^(a)	\$126	\$ 281
Existing assets ^(a)	(12)	(13)
Gas infrastructure ^(b)	(43)	(49)
Customer supply and proprietary power and gas trading ^(b)	1	(20)
Interest and other general and administrative expenses ^(c)	(19)	(57)
Other	1	16
Change in unrealized mark-to-market non-qualifying hedge activity ^(d)	(130)	(498)
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals ^(d)	13	9
Operating results of the Spain solar projects ^(d)	(9)	(9)
Gain on sale of the Texas natural gas generation facilities ^(d)	—	164
Resolution of contingencies related to a previous asset sale ^(d)	—	5
Decrease in net income less net income attributable to noncontrolling interests	\$(72)	\$(171)

Includes PTCs, ITCs and deferred income tax and other benefits associated with convertible ITCs for wind and solar projects, as applicable, as well as income tax benefits related to the Canadian tax restructuring, but excludes

(a) allocation of interest expense and corporate general and administrative expenses. Results from projects are included in new investments during the first twelve months of operation or ownership. An electric energy project's results are included in existing assets beginning with the thirteenth month of operation.

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

(c) Includes differential membership interest costs.

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

New Investments

Results from new investments for the three months ended September 30, 2016 increased due to:

higher earnings of approximately \$65 million, including the deferred income tax and other benefits associated with ITCs and convertible ITCs, related to the addition of approximately 1,204 MW of wind generation and 884 MW of solar generation during or after the three months ended September 30, 2015, and higher earnings of approximately \$61 million related to the acquisition of the Texas pipelines in October 2015, including a \$41 million after-tax fair value adjustment to reduce the contingent holdback (see Note 9 - Contracts), and additional investments in other natural gas pipeline projects.

Results from new investments for the nine months ended September 30, 2016 increased due to:

- higher earnings of approximately \$175 million, including the deferred income tax and other benefits associated with ITCs and convertible ITCs, related to the addition of approximately 1,455 MW of wind generation and 905 MW of solar generation during or after the nine months ended September 30, 2015, and higher earnings of approximately \$106 million related to the acquisition of the Texas pipelines, including \$48 million of after-tax fair value adjustments to reduce the contingent holdback (see Note 9 - Contracts), and additional investments in other natural gas pipeline projects.

Existing Assets

Results from NEER's existing asset portfolio for the three months ended September 30, 2016 decreased primarily due to:

- lower results from merchant natural gas and oil assets of approximately \$13 million primarily due to the sale of the Texas natural gas generation facilities (see Overview - Adjusted Earnings).

Results from NEER's existing asset portfolio for the nine months ended September 30, 2016 decreased primarily due to:

- lower results from nuclear assets of approximately \$15 million primarily due to lower gains on sales of securities held in NEER's nuclear decommissioning funds and outages at two nuclear plants, offset in part by favorable pricing, and
- lower results from merchant natural gas and oil assets of \$7 million primarily due to the sale of the Texas natural gas generation facilities (see Overview - Adjusted Earnings), partly offset by,
- higher results of \$11 million from natural gas generation facilities held for sale as of September 30, 2016 (see Note 8 - Assets and Liabilities Associated with Assets Held for Sale), and
- higher results from wind assets of \$3 million primarily due to income tax benefits related to the Canadian tax restructuring and higher wind generation, offset in part by lower state tax credits, PTC roll off and an increase in the amount of earnings attributable to noncontrolling interest.

Gas Infrastructure

The decrease in gas infrastructure results for the three months ended September 30, 2016 is primarily due to lower commodity prices and increased depreciation expense reflecting higher depletion rates. The decrease in gas infrastructure results for the nine months ended September 30, 2016 is primarily due to lower commodity prices and increased depreciation expense reflecting higher depletion rates, partly offset by gains from exiting the hedged

positions on a number of future gas production opportunities; such gains were previously reflected in unrealized mark-to-market non-qualifying hedge activity. NEER continues to monitor its oil and gas producing properties for potential impairments due to low prices for oil and natural gas commodity products.

Customer Supply and Proprietary Power and Gas Trading

Results from customer supply and proprietary power and gas trading decreased for the nine months ended September 30, 2016 primarily due to lower margins and less favorable market conditions as compared to the same period in 2015.

Interest and Other General and Administrative Expenses

For the three and nine months ended September 30, 2016, interest and other general and administrative expenses reflect higher borrowing and other costs to support the growth of the business.

Other Factors

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

Operating Revenues

Operating revenues for the three months ended September 30, 2016 decreased \$156 million primarily due to:

- lower unrealized mark-to-market gains from non-qualifying commodity hedges (\$123 million for the three months ended September 30, 2016 compared to \$278 million for the comparable period in 2015), and
 - lower revenues from existing assets of approximately \$133 million primarily reflecting the sale of the Texas natural gas generation facilities in April 2016,
- partly offset by,
- higher revenues from new investments of \$129 million.

Operating revenues for the nine months ended September 30, 2016 decreased \$474 million primarily due to:

- unrealized mark-to-market losses from non-qualifying commodity hedges (\$83 million of losses for the nine months ended September 30, 2016 compared to \$338 million of gains for the comparable period in 2015),
 - lower revenues from existing assets of approximately \$350 million primarily reflecting the sale of the Texas natural gas generation facilities in April 2016 and weather-related decrease in dispatch in the New England Power Pool (NEPOOL) region, offset in part by higher revenues from wind assets due to stronger wind resource, and
 - lower revenues from the customer supply and proprietary power and gas trading business and the gas infrastructure business of \$22 million,
- partly offset by,
- higher revenues from new investments of \$322 million.

Operating Expenses

Operating expenses for the three months ended September 30, 2016 increased \$2 million primarily due to:

- higher operating expenses associated with new investments of approximately \$60 million, and
 - higher depreciation expense of approximately \$48 million primarily related to higher depletion rates at the natural gas infrastructure business, offset in part by the absence of depreciation on the Texas natural gas generation facilities sold in April 2016,
- partly offset by,
- lower fuel expense of approximately \$99 million primarily due to the sale of the Texas natural gas generation facilities in April 2016.

Operating expenses for the nine months ended September 30, 2016 decreased \$343 million primarily due to:

- the \$254 million gain on the sale of the Texas natural gas generation facilities, and
 - lower fuel expense of approximately \$289 million primarily due to the sale of the Texas natural gas generation facilities in April 2016, a weather-related decrease in dispatch in the NEPOOL region and lower gas prices,
- partly offset by,
- higher operating expenses associated with new investments of approximately \$161 million, and
 - higher depreciation expense of approximately \$30 million primarily reflecting higher depletion rates at the natural gas infrastructure business, offset in part by the absence of depreciation on the Texas natural gas generation facilities sold in April 2016.

Interest Expense

NEER's interest expense for the three months ended September 30, 2016 increased approximately \$53 million primarily reflecting \$44 million of unfavorable changes in the fair value of interest rate derivative instruments compared to \$12 million of unfavorable changes in the comparable period in 2015. NEER's interest expense for the

nine months ended September 30, 2016 increased approximately \$396 million primarily reflecting \$355 million of unfavorable changes in the fair value of interest rate derivative instruments compared to \$1 million of unfavorable changes in the comparable period in 2015. These increases primarily reflect the discontinuance of hedge accounting in January 2016 discussed above. Additionally, interest expense increased due to higher average debt balances.

Benefits Associated with Differential Membership Interests - net

Benefits associated with differential membership interests - net for all periods presented reflect benefits recognized by NEER as third-party investors received their portion of the economic attributes, including income tax attributes, of the underlying wind and solar projects, net of associated costs. The increase for the three and nine months ended September 30, 2016 primarily relates to lower interest costs associated with the ongoing paydown of the differential membership interest obligations, sales of differential membership interests and increased results of the underlying wind and solar projects.

Equity in Earnings of Equity Method Investees

Equity in earnings of equity method investees increased for the three and nine months ended September 30, 2016 primarily due to increased earnings from AFUDC on NEER's investments in natural gas pipeline projects as construction continues and NEER's investment in a wind project that was placed in service in the fourth quarter of 2015.

Revaluation of Contingent Consideration

For the three and nine months ended September 30, 2016, revaluation of contingent consideration reflects fair value adjustments of approximately \$101 million and \$118 million, respectively, to reduce the contingent holdback associated with the acquisition of the Texas pipelines. For the three and nine months ended September 30, 2016, approximately \$35 million and \$40 million, respectively, of the fair value adjustments is attributable to noncontrolling interests. See Note 9 - Contracts.

Tax Credits, Benefits and Expenses

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

Capital Initiatives

During the nine months ended September 30, 2016, NEER placed into service approximately 100 MW of new wind generation and 650 MW of new solar generation. Additionally, on April 1, 2016, NEER increased its ownership interest in the Sabal Trail natural gas pipeline project (see Note 9 - Contracts). NEER expects to add new contracted wind generation of approximately 1,500 MW and new contracted solar generation of approximately 1,000 MW in 2016, including the 100 MW of wind and 650 MW of solar discussed above, which will bring NEER's 2015-2016 renewables development program to approximately 4,000 MW.

Sale of Assets to NEP

In March 2016, indirect subsidiaries of NEER sold two wind generation facilities with a combined generating capacity of approximately 299 MW located in Oklahoma to indirect subsidiaries of NEP.

In July 2016, an indirect subsidiary of NEER sold two wind generation facilities with a combined generating capacity of approximately 285 MW located in Kansas and California to an indirect subsidiary of NEP.

On October 28, 2016, an indirect subsidiary of NEER sold an indirect 24% ownership interest in a 550 MW solar generation facility located in California to an indirect subsidiary of NEP.

Corporate and Other: Results of Operations

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

Three	Nine Months
Months	Ended

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	Ended September 30, 2016		September 30, 2015	
	2016	2015	2016	2015
	(millions)			
Interest expense, net of allocations to NEER	\$(22)	\$(21)	\$(167)	\$(65)
Interest income	10	8	26	24
Federal and state income tax benefits (expenses)	(2)	17	(26)	32
Merger-related expenses	(83)	(5)	(88)	(16)
Other - net	28	12	80	51
Net income (loss)	\$(69)	\$11	\$(175)	\$26

The increase in interest expense, net of allocations to NEER, for the nine months ended September 30, 2016 primarily reflects net after-tax unrealized losses on interest rate and foreign currency derivative instruments and foreign currency transaction losses. See Note 2. The federal and state income tax benefits (expenses) for all periods presented reflect consolidating income tax adjustments including, for the nine months ended September 30, 2016, an approximately \$58 million income tax charge related to the sale of the Texas natural gas generation facilities and, for the three and nine months ended September 30, 2016, the adoption of an accounting standards update. See Note 4 and Note 6 - Stock-Based Compensation. Merger-related expenses increased for three and nine months ended September 30, 2016 primarily related to the termination of the proposed merger between NEE, HEI and two wholly owned direct subsidiaries of NEE (see Note 8 - Merger Termination). Other includes all other corporate income and expenses, as well as other business activities. Also, see Note 8 - Proposed Sale Transaction.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Flows

Sources and uses of NEE's and FPL's cash for the nine months ended September 30, 2016 and 2015 were as follows:

	NEE		FPL	
	Nine Months		Nine Months	
	Ended		Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
	(millions)			
Sources of cash:				
Cash flows from operating activities	\$5,294	\$4,513	\$3,790	\$2,668
Long-term borrowings	4,644	3,462	150	85
Proceeds from the sale of differential membership interests	328	46	—	—
Sale of independent power and other investments of NEER	395	34	—	—
Capital contribution from NEE	—	—	—	1,454
Issuances of common stock - net	528	1,274	—	—
Net increase in short-term debt	392	1,021	758	—
Proceeds from the sale of a noncontrolling interest in subsidiaries	645	319	—	—
Other sources - net	—	—	45	9
Total sources of cash	12,226	10,669	4,743	4,216
Uses of cash:				
Capital expenditures, independent power and other investments and nuclear fuel purchases	(7,929)	(5,676)	(3,097)	(2,618)
Retirements of long-term debt	(2,654)	(3,097)	(262)	(550)
Net decrease in short-term debt	—	—	—	(896)
Dividends	(1,205)	(1,031)	(1,300)	—
Payments to differential membership investors	(84)	(68)	—	—
Other uses - net	(244)	(193)	(61)	(136)
Total uses of cash	(12,116)	(10,065)	(4,720)	(4,200)
Net increase in cash and cash equivalents	\$110	\$604	\$23	\$16

NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generation facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. The following table provides a summary of the major capital investments for the nine months ended September 30, 2016 and 2015.

	Nine Months Ended September 30, 2016 2015 (millions)	
FPL:		
Generation:		
New	\$969	\$540
Existing	443	500
Transmission and distribution	1,407	1,151
Nuclear fuel	121	178
General and other	209	248
Other, primarily change in accrued property additions and the exclusion of AFUDC - equity	(52)	1
Total	3,097	2,618
NEER:		
Wind	2,141	923
Solar	1,416	1,112
Nuclear, including nuclear fuel	167	233
Natural gas pipelines	631	177
Other	328	557
Total	4,683	3,002
Corporate and Other	149	56
Total capital expenditures, independent power and other investments and nuclear fuel purchases	\$7,929	\$5,676

Liquidity

At September 30, 2016, NEE's total net available liquidity was approximately \$9.1 billion, of which FPL's portion was approximately \$2.9 billion. The table below provides the components of FPL's and NEECH's net available liquidity at September 30, 2016:

	FPL	NEECH	Total	Maturity Date	
				FPL	NEECH
		(millions)			
Bank revolving line of credit facilities ^(a)	\$3,000	\$4,850	\$7,850	2017 - 2021	2016 - 2021
Issued letters of credit	(3)	(310)	(313)		
	2,997	4,540	7,537		
Revolving credit facilities	1,000	1,010	2,010	2017 - 2019	2017 - 2020
Borrowings	(600)	—	(600)		
	400	1,010	1,410		
Letter of credit facilities ^(b)	—	650	650		2017 - 2019
Issued letters of credit	—	(385)	(385)		
	—	265	265		

Subtotal	3,397	5,815	9,212
Cash and cash equivalents	46	634	680
Outstanding commercial paper and notes payable	(564)	(204)	(768)
Net available liquidity	\$2,879	\$ 6,245	\$9,124

Provide for the funding of loans up to \$7,850 million (\$3,000 million for FPL) and the issuance of letters of credit up to \$3,050 million (\$670 million for FPL). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's bank revolving line of credit facilities are also available to support the purchase of \$718 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity. Approximately \$2,255 million of FPL's and \$3,700 million of NEECH's bank revolving line of credit facilities expire in 2021.

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

Additionally, at September 30, 2016, certain subsidiaries of NEP had credit or loan facilities with available liquidity as set forth in the table below.

	Amount	Amount	Rate	Maturity Date	Related Project Use
	Remaining Available at September 30, 2016	Available at September 30, 2016			
	(millions)	(millions)			
Senior secured revolving credit facility ^(a)	\$250	\$250	Variable	2019	Working capital, expansion projects, acquisitions and general business purposes
Senior secured limited-recourse revolving loan facility ^(b)	\$150	\$50	Variable	2020	General business purposes

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

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

Capital Support

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

Certain subsidiaries of NEE, including FPL, 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 or FPL's consolidated subsidiaries, as discussed in more detail below. NEE and FPL are not required to recognize liabilities associated with guarantee arrangements issued on behalf of their consolidated subsidiaries unless it becomes probable that they will be required to perform. At September 30, 2016, NEE and FPL believe it is unlikely that they would be required to perform under, or otherwise incur any losses associated with, these guarantee arrangements.

As of September 30, 2016, NEE subsidiaries had approximately \$2.2 billion in guarantees related primarily to equity contribution agreements associated with the development, construction and financing of certain power generation facilities, engineering, procurement and construction agreements and natural gas pipeline development projects. In addition, as of September 30, 2016, NEE subsidiaries had approximately \$6.0 billion in guarantees (\$18 million for FPL) related to indemnifications associated with asset divestitures, obligations under purchased power agreements, nuclear-related activities, the payment obligations related to renewable tax credits and the non-receipt of proceeds from cash grants under the Recovery Act, as well as other types of contractual obligations.

In some instances, subsidiaries of NEE elect to issue guarantees instead of posting other forms of collateral required under certain financing arrangements. As of September 30, 2016, these guarantees totaled approximately \$814 million and support, among other things, required cash management reserves, including those related to debt service and

O&M service agreements, as well as other specific project financing requirements.

Subsidiaries of NEE also issue guarantees to support customer supply and proprietary power and gas trading activities, including the buying and selling of wholesale and retail energy commodities. As of September 30, 2016, 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 September 30, 2016) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled \$680 million.

As of September 30, 2016, subsidiaries of NEE also had approximately \$1.1 billion of standby letters of credit (\$3 million for FPL) and approximately \$333 million of surety bonds (\$78 million for FPL) 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, including FPL, have agreed and in the future may agree to make payments to compensate or indemnify other parties 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. NEE and FPL are unable to estimate the maximum potential amount of future payments under some of these contracts because events that would obligate them to make payments have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

Certain guarantee arrangements described above contain requirements for NEECH and FPL to maintain a specified credit rating. NEE has guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

Credit Ratings

As a result of a recent change by Fitch Ratings (Fitch) in its methodology for issuing short-term credit ratings, Fitch downgraded NEECH's commercial paper credit rating to F2 from F1 effective October 21, 2016. All other credit ratings for NEECH and all credit ratings for NEE and FPL remain unchanged. 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.

New Accounting Rules and Interpretations

Leases - In February 2016, the FASB issued an accounting standards update which requires, among other things, that lessees recognize a lease liability and a right-of-use asset for all leases. See Note 8 - Leases.

Stock-Based Compensation - During the second quarter of 2016, NEE early adopted the provisions of the accounting standards update related to the accounting for employee share-based payment awards. See Note 6 - Stock-Based Compensation.

ENERGY MARKETING AND TRADING AND MARKET RISK SENSITIVITY

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

Commodity Price Risk

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

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

	Hedges on Owned Assets			NEE Total
	Trading	Non- Qualifying	FPL Cost Recovery Clauses	
	(millions)			
Three months ended September 30, 2016				
Fair value of contracts outstanding at June 30, 2016	\$445	\$1,010	\$ 39	\$1,494
Reclassification to realized at settlement of contracts	(73)	(56)	25	(104)
Inception value of new contracts	10	(2)	—	8
Changes in fair value excluding reclassification to realized	24	240	(36)	228
Fair value of contracts outstanding at September 30, 2016	406	1,192	28	1,626
Net margin cash collateral paid (received)				(241)

NEE's total mark-to-market energy contract net assets (liabilities) at September 30, 2016 shown above are included on the condensed consolidated balance sheets as follows:

	September 30, 2016 (millions)
Current derivative assets	\$ 587
Noncurrent derivative assets	1,356
Current derivative liabilities	(271)
Noncurrent derivative liabilities	(287)
NEE's total mark-to-market energy contract net assets	\$ 1,385

The sources of fair value estimates and maturity of energy contract derivative instruments at September 30, 2016 were as follows:

	Maturity						
	2016	2017	2018	2019	2020	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	\$(9)	\$19	\$7	\$1	\$(3)	\$ —	\$15
Significant other observable inputs	(1)	42	35	16	1	(7)	86
Significant unobservable inputs	53	112	32	17	26	65	305
Total	43	173	74	34	24	58	406
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	3	(10)	10	8	1	—	12
Significant other observable inputs	84	185	120	112	91	103	695
Significant unobservable inputs	23	55	49	40	41	277	485
Total	110	230	179	160	133	380	1,192
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	(12)	40	—	—	—	—	28
Significant unobservable inputs	—	—	—	—	—	—	—
Total	(12)	40	—	—	—	—	28
Total sources of fair value	\$141	\$443	\$253	\$194	\$157	\$ 438	\$1,626

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and nine months ended September 30, 2015 were as follows:

	Hedges on Owned Assets			
	Trading	Non- Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			
Three months ended September 30, 2015				
Fair value of contracts outstanding at June 30, 2015	\$330	\$984	\$ (218)	\$1,096
Reclassification to realized at settlement of contracts	(53)	(76)	129	—
Inception value of new contracts	15	(1)	—	14
Net option premium purchases (issuances)	(3)	—	—	(3)
Changes in fair value excluding reclassification to realized	41	355	(141)	255
Fair value of contracts outstanding at September 30, 2015	330	1,262	(230)	1,362

Net margin cash collateral paid (received) (325)
Total mark-to-market energy contract net assets (liabilities) at September 30, 2015 \$330 \$1,262 \$ (230) \$1,037

	Hedges on Owned Assets			
	Trading	Non- Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			
Nine months ended September 30, 2015				
Fair value of contracts outstanding at December 31, 2014	\$320	\$898	\$ (363)	\$855
Reclassification to realized at settlement of contracts	(158)	(243)	337	(64)
Inception value of new contracts	34	—	—	34
Net option premium purchases (issuances)	(75)	2	—	(73)
Changes in fair value excluding reclassification to realized	209	605	(204)	610
Fair value of contracts outstanding at September 30, 2015	330	1,262	(230)	1,362
Net margin cash collateral paid (received)				(325)
Total mark-to-market energy contract net assets (liabilities) at September 30, 2015	\$330	\$1,262	\$ (230)	\$1,037

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

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

	Trading		Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses ^(a)		Total				
	FPL	NEER	FPL	NEER	FPL	NEER			
	(millions)								
December 31, 2015	\$—	\$ 3	\$ 3	\$ 51	\$ 44	\$ 23	\$ 51	\$ 46	\$ 25
September 30, 2016	\$—	\$ 2	\$ 2	\$ 18	\$ 23	\$ 18	\$ 18	\$ 23	\$ 18
Average for the nine months ended September 30, 2016	\$—	\$ 2	\$ 2	\$ 24	\$ 30	\$ 26	\$ 24	\$ 31	\$ 27

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

Interest Rate Risk

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

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

	September 30, 2016		December 31, 2015		
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	
	(millions)				
NEE:					
Fixed income securities:					
Special use funds	\$1,912	\$1,912	(a) \$1,789	\$1,789	(a)
Other investments:					
Debt securities	\$129	\$129	(a) \$124	\$124	(a)
Primarily notes receivable	\$535	\$721	(b) \$512	\$722	(b)
Long-term debt, including current maturities	\$30,555	\$32,952	(c) \$28,897	\$30,412	(c)
Interest rate contracts - net unrealized losses	\$(727)	\$(727)	(d) \$(285)	\$(285)	(d)
FPL:					
Fixed income securities - special use funds	\$1,450	\$1,450	(a) \$1,378	\$1,378	(a)
Long-term debt, including current maturities	\$9,913	\$11,768	(c) \$10,020	\$11,028	(c)

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

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

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

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

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

As of September 30, 2016, NEE had interest rate contracts with a notional amount of approximately \$14.0 billion related to outstanding and expected future debt issuances and borrowings, of which approximately \$12.4 billion

manages exposure to the variability of cash flows associated with outstanding and expected future debt issuances at NEECH and NEER. The remaining \$1.6 billion of notional amount of interest rate contracts effectively convert fixed-rate debt to variable-rate debt instruments at NEECH. See Note 2.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NEE's net liabilities would increase by approximately \$1,484 million (\$446 million for FPL) at September 30, 2016.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE's nuclear decommissioning reserve funds include marketable equity securities primarily carried at their market value of approximately \$2,834 million and \$2,674 million (\$1,714 million and \$1,598 million for FPL) at September 30, 2016 and December 31, 2015, respectively. At September 30, 2016, a hypothetical 10% decrease in the prices quoted on stock exchanges, which is a reasonable near-term market change, would result in a \$263 million (\$156 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related liability accounts based on current regulatory treatment, and for NEE's non-rate regulated operations, a corresponding adjustment would be made to OCI to the extent the market value of the securities exceeded amortized cost and to OTTI loss to the extent the market value is below amortized cost.

Credit Risk

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

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

• Operations are primarily concentrated in the energy industry.

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

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

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

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

Based on NEE's policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. As of September 30, 2016, approximately 95% of NEE's and 100% of FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of September 30, 2016, 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 September 30, 2016.

(b) Changes in Internal Control Over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the 2015 Form 10-K. The factors discussed in Part I, Item 1A. Risk Factors in the 2015 Form 10-K, as well as other information set forth in this report, which could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects should be carefully considered. The risks described in the 2015 Form 10-K are not the only risks facing NEE and FPL. Additional risks and uncertainties not currently known to NEE or FPL, or that are currently deemed to be immaterial, also may materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects.

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

(a) Information regarding purchases made by NEE of its common stock during the three months ended September 30, 2016 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)
7/1/16 - 7/31/16	—	—	—	13,274,748
8/1/16 - 8/31/16	9,297	\$ 125.32	—	13,274,748
9/1/16 - 9/30/16	482	\$ 122.23	—	13,274,748
Total	9,779	\$ 125.17	—	

(a) Includes: (1) in August 2016, 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 September 2016, 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.

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

Item 5. Other Information

(a) None

(b) None

(c) Other events

Reference is made to Item 1. Business - NEE's Operating Subsidiaries - FPL - FPL Sources of Generation - Nuclear (i) Operations - Spent Nuclear Fuel in the 2015 Form 10-K and Part II, Item 5. (c)(ii) in the Quarterly Report on Form 10 Q for the quarterly period ended June 30, 2016 for NEE and FPL.

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In August 2016, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) denied the petition for rehearing before the entire panel of the D.C. Circuit judges of its decision to uphold the NRC's Continued Storage of Spent Nuclear Fuel Rule and its determination that licensees can safely store spent nuclear fuel at nuclear power plants indefinitely. Parties may petition for review by the U.S. Supreme Court.

(ii) Reference is made to Item 1. Business - NEE Environmental Matters - Waters of the U.S. in the 2015 Form 10-K.

The U.S. Court of Appeals for the Sixth Circuit has claimed jurisdiction to hear challenges to the EPA's final rule redefining "waters of the U.S." under the Clean Water Act and final briefs are due in February 2017.

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Item 6. Exhibits

Exhibit Number	Description	NEE	FPL
*2(a)	Agreement and Plan of Merger, dated as of July 29, 2016, by and among NextEra Energy, Inc., EFH Merger Co., LLC, Energy Future Intermediate Holding Company LLC and Energy Future Holdings Corp. (filed as Exhibit 2.1 to Form 8-K dated July 29, 2016, File No. 1-8841)**	x	
*2(b)	Amendment No. 1 to Agreement and Plan of Merger dated as of September 18, 2016 (filed as Exhibit 2 to Form 8-K dated September 18, 2016, File No. 1-8841)	x	
*2(c)	Form of Third Amended Joint Plan of Reorganization of Energy Future Holdings Corp., et al., Pursuant to Chapter 11 of the Bankruptcy Code (filed as Exhibit 2.2 to Form 8-K dated July 29, 2016, File No. 1-8841)	x	
*2(d)	Merger Agreement between NextEra Energy, Inc., WSS Acquisition Company, Texas Transmission Holding Corporation, Cheyne Walk Investment Pte Ltd, Borealis Power Holdings Inc. and BPC Health Corporation dated October 30, 2016 (filed as Exhibit 2 to Form 8-K dated October 29, 2016, File No. 1-8841)**	x	
*3(ii)	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)	x	
*4(a)	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)	x	
*4(b)	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)	x	
*4(c)	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)	x	
*4(d)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 25, 2013, creating the Series G Debentures due September 1, 2018 (filed as Exhibit 4(c) to Form 8-K dated September 25, 2013, File No. 1-8841)	x	
*4(e)	Letter, dated September 1, 2016, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series G Debentures due September 1, 2018 effective September 1, 2016 (filed as Exhibit 4(b) to Form 8-K dated September 1, 2016, File No. 1-8841)	x	
*10(a)	Plan Support Agreement dated as of July 29, 2016 (filed as Exhibit 10.1 to Form 8-K dated July 29, 2016, File No. 1-8841)	x	
*10(b)	Amended and Restated Plan Support Agreement dated as of September 19, 2016 (filed as Exhibit 10 to Form 8-K dated September 18, 2016, File No. 1-8841)	x	
*10(c)	Form of Oncor Letter Agreement (filed as Exhibit 10.2 to Form 8-K dated July 29, 2016, File No. 1-8841)	x	
10(d)	Appendix A2 (revised as of September 19, 2016) to the Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005	x	x
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x

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31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		X
32(a)	Section 1350 Certification of NextEra Energy, Inc.	X	
32(b)	Section 1350 Certification of Florida Power & Light Company		X
101.INS	XBRL Instance Document	X	X
101.SCH	XBRL Schema Document	X	X
101.PRE	XBRL Presentation Linkbase Document	X	X
101.CAL	XBRL Calculation Linkbase Document	X	X
101.LAB	XBRL Label Linkbase Document	X	X
101.DEF	XBRL Definition Linkbase Document	X	X

*Incorporated herein by reference

** Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NEE will furnish the omitted schedules to the SEC upon request.

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

SIGNATURES

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

Date: November 1, 2016

NEXTERA ENERGY, INC.
(Registrant)

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

FLORIDA POWER & LIGHT COMPANY
(Registrant)

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