

May 6, 2024

Via Hand Delivery & Electronic Mail

Mr. Steve Kahl
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480
ndpsc@nd.gov

In re: Oliver Wind IV, LLC
Oliver Wind IV Energy Center – Oliver County
Decommissioning
Construction Phase Financial Assurance
Our File No. 035218-000083

Dear Mr. Kahl:

On April 29, 2024, in Case No. PU-23-317, Oliver Wind IV, LLC (“Oliver Wind IV”) was issued Certificate of Site Compatibility No. 67 for the construction and operation of the Oliver Wind IV Energy Center to be located in Oliver County, North Dakota. North Dakota Administrative Code Section 69-09-09-08(1) requires the owner of a facility to provide the Commission with financial assurance prior to the commencement of construction that is equal to five percent of the estimated cost of construction.

Pursuant to Section 69-09-09-08(1), enclosed for filing is the Construction Phase Parent Guarantee for \$17,250,000.00 for the Oliver Wind IV Energy Center executed by Oliver Wind IV as owner, and NextEra Energy Capital Holdings, Inc. (“NEECH”) as parent guarantor. In accordance with Section 69-09-09-08(5) governing parent guarantees, NEECH has been in operation for more than five years and meets the credit rating criteria set forth in the rule as demonstrated by the credit rating documentation also enclosed for filing.

Please feel free to contact me if you have any questions. Thank you.

Sincerely,

/s/ Casey A. Furey

Casey A. Furey

1 PU-24-185 Filed 05/06/2024 Pages: 32
Letter Enclosing Financial Assurance (Parent Guarantee) and Related Credit Rating Information
Oliver Wind IV, LLC
Casey Furey, Crowley Fleck, PLLP

CAF/lh
Enc.

cc: Brian Johnson (via email)
Erik Edison (via email)

Tracy Davis (via email)
Robert Frank (via email)



PARENT GUARANTEE
 PUBLIC SERVICE COMMISSION PUBLIC
 UTILITY DIVISION

Owner/Obligor OLIVER WIND IV, LLC	Guarantor NEXTERA ENERGY CAPITAL HOLDINGS, INC.
Financial Assurance Number:	Financial Assurance/Guarantee Amount: \$17,250,000

This Parent Guarantee is made by NEXTERA ENERGY CAPITAL HOLDINGS, INC., a corporation organized under the laws of the State of Florida (“**GUARANTOR**”). This absolute and irrevocable guarantee is made on behalf of OLIVER WIND IV, LLC (“**OWNER**” or “**OBLIGOR**”), which is a subsidiary of Guarantor, for the benefit and in favor of the NORTH DAKOTA PUBLIC SERVICE COMMISSION (“**COMMISSION**”).

RECITALS

1. The COMMISSION has the legal authority under North Dakota Century Code section 49-02-27 to administer the requirements for wind energy conversion facility decommissioning in the State of North Dakota.
2. GUARANTOR’s indirect, wholly-owned subsidiary, OBLIGOR, owns the following Commercial Wind Energy Facility (“**Facility**”):

Name	Oliver Wind IV, LLC
Address	700 Universe Blvd
City, State, Zip	Juno Beach, FL 33408
Site Certificate Number (“ Certificate ”)	Not Applicable
Project Description	Project is located in Oliver County, North Dakota
Estimated Operation Date	December 31, 2024
Decommissioning Cost Estimate	\$17,250,000

3. GUARANTOR will directly or indirectly benefit from the Facility for which the above site certificate has been issued.
4. The OBLIGOR is required to provide to the COMMISSION financial assurance to secure the decommissioning and remediation obligation of OBLIGOR pursuant to North Dakota Century Code Section 49-02-27 and North Dakota Administrative Code Chapter 69-09-09 (together, the “**STATUTE**”) and GUARANTOR desires to guarantee such obligation.
5. The GUARANTOR satisfies the requirements and criteria set by the North Dakota Administrative Code section 69-09-09-08 to allow for a Parental Guarantee.
6. GUARANTOR has full authority under the laws of the State of Florida, its articles of incorporation and its bylaws to enter into this Guarantee. GUARANTOR has full approval from its Board of Directors to enter into this Guarantee.

7. The GUARANTOR wishes to issue this Guarantee to COMMISSION to satisfy the terms of the STATUTE.
8. It is in the best interests of GUARANTOR, in the legitimate furtherance of its purposes and business, to enter into this Guarantee.

* * *

9. For the good and valuable consideration, GUARANTOR guarantees to the COMMISSION that in the event OBLIGOR fails to perform decommissioning and remediation of the Facility in accordance with the Decommissioning Plan¹, the STATUTE, and to the satisfaction of the COMMISSION, and the GUARANTOR does not substitute performance for the OBLIGOR upon COMMISSION request in accordance with the Decommissioning Plan, the STATUTE, and to the satisfaction of the COMMISSION, the GUARANTOR hereby and irrevocably guarantees timely payment of all obligations owing to the COMMISSION to complete decommissioning and remediation of the site. This Guarantee shall constitute a guarantee of payment and not of collection.
10. GUARANTOR agrees to make prompt payment upon demand of the full amount, or portions thereof, requested by the COMMISSION, of the Parental Guarantee, on the terms and conditions described in this agreement, said payments of monies to be used for the decommissioning and remediation of the above-listed Facility in accordance with the STATUTE.
11. GUARANTOR hereby fully consents to the following, none of which affects, changes or discharges the obligations of this Guarantee:
 - a. Extensions of time for performance of the whole or any part of the conditions of the above listed financial assurance.
 - b. Changes, revisions, modifications, or renewals of the Certificate.
 - c. Renewals, revisions, modifications to the terms of the above-stated financial assurance that have been agreed to by the GUARANTOR and approved by the COMMISSION, including increases or decreases in dollar amount of the guarantee, or the Decommissioning Plan of the Facility for which the above site certificate has been issued in accordance with the STATUTE.
12. GUARANTOR expressly waives the following:
 - a. Notice of the acceptance of this Guarantee by the COMMISSION.
 - b. Notice of changes, revisions, modifications or renewals to the Certificate.
 - c. Notice of any extensions of time for performance of the whole or any part of the condition of the above listed financial assurance.
 - d. With the exception of demand for payment, all other notices to which GUARANTOR might otherwise be entitled in connection with this guarantee or the obligation hereby guaranteed.
 - e. The institution of civil actions or exhaustion of legal remedies against the OBLIGOR as a condition to enforcement of this Guarantee.
 - f. It is understood that any notice provided by the COMMISSION to the GUARANTOR does not constitute a release or modification of the above waivers.

¹ "Decommissioning Plan" means the plans filed and maintained in compliance with North Dakota Administrative Code Title 69 for the decommissioning and remediation of the facility.

This Guarantee is subject to the following conditions:

13. A signed statement that the Commission has ordered the forfeiture, in whole or in part, of the above listed financial assurance must accompany any demand for funds.
14. GUARANTOR agrees to pay all costs and expenses incurred by the COMMISSION in any successful action instituted to enforce the terms of this Guarantee.
15. This Guarantee will be limited as follows:
 - a. Financial Assurance and Guarantee Amount: The indebtedness reflected by the above listed financial assurance and Guarantee Amount existing at the time of forfeiture.
 - b. Litigation and administrative costs: The actual amount of such costs reasonably incurred in any successful effort to enforce requirements and obligations of the OBLIGOR and the obligations of the GUARANTOR under this agreement. Litigation and administrative costs are not limited by indebtedness reflected by the above listed financial assurance.
 - c. The Guarantee and the GUARANTOR's obligations hereunder shall terminate automatically and immediately at **11:59:59 Eastern Prevailing Time June 30, 2025** (the "Termination Date") provided, that, in the event the facility decommissioning and remediation is not complete prior to the Termination Date and the OBLIGOR has not provided an alternative financial assurance reasonably acceptable to the COMMISSION, the GUARANTOR shall post alternative financial assurance acceptable to the COMMISSION sixty (60) days prior to the Termination Date.
 - d. If, within sixty (60) days of Termination Date, the GUARANTOR or COMMISSION dispute the acceptability of an alternative financial assurance or the completion status of decommissioning and remediation, the GUARANTOR shall deposit an amount equal to the Decommission Cost Estimate in a trust account with the Bank of North Dakota as trustee for the benefit of the COMMISSION. The trustee shall make payments from the fund, as the COMMISSION shall direct in writing, to provide for completion of decommissioning and remediation.
16. If the OBLIGOR fails to complete the decommissioning and remediation as required by STATUTE, the terms and conditions of the Certificate, and to the satisfaction of the Commission, the GUARANTOR shall be required to complete decommissioning and remediation for the lands in default or pay the State of North Dakota the amount necessary to complete the Decommissioning Plan, not to exceed the financial assurance amount within ten (10) business days after the receipt of the COMMISSION's demand for payment. GUARANTOR hereby agrees that demands for payment may be based and are payable on projections of costs or their actual accrual and that liability for payment is not contingent on the costs having been presently sustained.
17. The GUARANTOR agrees to notify the COMMISSION by certified mail, of a voluntary or involuntary proceeding under title 11 (Bankruptcy), United States Code, naming GUARANTOR as debtor, within ten days after commencement of the proceeding.
18. GUARANTOR agrees that if, at the end of any fiscal year the GUARANTOR no longer meets the 69-09-09-08 requirements allowing a guarantee, the GUARANTOR shall send within ninety (90) days, by certified mail, written notice to the COMMISSION and to the OBLIGOR. GUARANTOR may not terminate its guarantee until an alternate financial assurance acceptable to the COMMISSION has been established.
19. GUARANTOR agrees that within sixty (60) days after being notified by the COMMISSION of a

determination that GUARANTOR no longer meets the 69-09-09-08 requirements or that the GUARANTOR is disallowed from continuing as a guarantee of decommissioning and remediation, the GUARANTOR shall establish alternative financial assurance acceptable to the COMMISSION in the name of the OBLIGOR unless the OBLIGOR has done so.

20. The GUARANTOR agrees to remain bound under this Guarantee notwithstanding any or all of the following: amendment or modification of the Decommissioning Plan, amendment or modification of the Certificate of Site Compatibility, the extension or reduction of the time of performance after abandonment or end-of-life and/or decommissioning and remediation, or any other modification or alteration of an obligation of the OBLIGOR.
21. The GUARANTOR agrees to remain bound under this Guarantee for as long as the OBLIGOR must comply with the applicable financial assurance requirements of North Dakota Administrative Code title 69 for the above-listed facility, except as provided in paragraph 22 of this agreement.
22. The GUARANTOR may terminate this agreement by sending written notice by certified mail to the COMMISSION and to OBLIGOR at least one hundred and twenty (120) days in advance of the proposed cancellation, provided that this Guarantee may not be terminated unless and until OBLIGOR obtains, and the COMMISSION approves, alternative financial assurance, or the facility decommissioning and remediation is deemed complete by the COMMISSION.
23. The GUARANTOR shall send a written notice by certified mail to the COMMISSION, not less than two years prior to the Termination Date, providing notice of the Termination Date contained herein.
24. This Guarantee is and continues to be effective notwithstanding any present or future legal disability of the OBLIGOR.
25. There are no conditions or limitations to this Guarantee except those contained in this instrument as of the effective date, and thereafter no alteration, change or modification hereof shall be binding or effective unless executed in writing, signed by the GUARANTOR, and approved by the COMMISSION.
26. This Guarantee is good and effective notwithstanding any change or changes in the business name of the OBLIGOR or GUARANTOR.
27. This Guarantee is binding upon GUARANTOR and its successors and permitted assigns, and inures to the benefit of and is enforceable by the Commission and its successors and permitted assigns. GUARANTOR may not assign this Guarantee in part or in whole without prior written consent of the Commission.
28. No changes, revisions, modifications or renewals to the above listed Financial Assurance or the Certificate act as a release of the GUARANTOR from this Guarantee unless approved by the COMMISSION.
29. In the case of insolvency, bankruptcy or dissolution of the OBLIGOR, all funds represented by the above listed financial assurance are due and payable and this Guarantee may thereupon be enforced.
30. All notices required to, or which may be given, are effective when received by the addressees specified below:

a. For the Guarantor:
NextEra Energy Capital Holdings, Inc.
700 Universe Blvd.
Juno Beach, Florida 33408
Attention: Treasurer

b. For the Commission
Executive Secretary
North Dakota Public Service Commission
State Capitol, 12th Floor
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

31. This Guarantee is a binding contract and must be construed under and is subject to the laws of the State of North Dakota. Any action arising out of this Guarantee or the subject matter hereof must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. GUARANTOR agrees to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*, or that this Guarantee or the subject matter hereof may not be enforced in or by such court.
32. This agreement may be executed in any number of identical counterparts, each of which, when executed and delivered by the GUARANTOR hereto, is considered to be an original, but all of which shall constitute one and the same instrument.
33. The effective date of this agreement is the date of Commission approval.
34. Other

SIGNATURES OF GUARANTOR:

First Authorized Signature:

Signature of President or Authorized Officer	
<i>Joseph Balzano</i>	
Name Joseph Balzano	Title Assistant Treasurer

State of FLORIDA)
) SS.
 County of PALM BEACH)

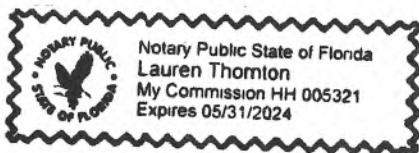
The foregoing instrument was acknowledged before me on this date April 26, 2024 by

Joseph Balzano, as Assistant Treasurer

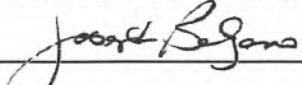
of NextEra Energy Capital Holdings, Inc., a Florida corporation, on behalf of the corporation.

BY: Lauren Thornton
 NOTARY PUBLIC Lauren Thornton
 MY COMMISSION EXPIRES: 05/31/2024

(SEAL)



Second Authorized Signature:

Signature of Chief Financial Officer or Authorized Officer 	
Name Joseph Balzano	Title Assistant Treasurer

State of FLORIDA)
 County of PALM BEACH) SS.

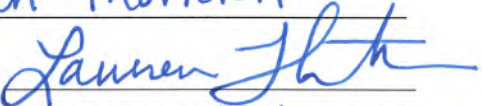
The foregoing instrument was acknowledged before me on this date April 26, 2024 by

Joseph Balzano, as Assistant Treasurer

of NextEra Energy Capital Holdings, Inc., a Florida corporation, on behalf of the corporation

(SEAL)



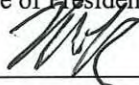
BY: Lauren Thornton
 NOTARY PUBLIC: 
 MY COMMISSION EXPIRES: 05/31/2024

ACKNOWLEDGEMENT OF OBLIGOR

The OBLIGOR acknowledges and agrees that the above-signed GUARANTOR is providing to the COMMISSION financial assurance to secure the decommissioning and remediation obligation of the OBLIGOR pursuant to North Dakota Century Code Section 49-02-27 and the North Dakota Administrative Code Chapter 69-09-09 (together, the "STATUTE"). The OBLIGOR agrees that the above-signed agreement does not relieve the OBLIGOR from liability or its decommissioning and remediation obligations pursuant to the Decommissioning Plan, the STATUTE, and to the satisfaction of the COMMISSION.

OBLIGOR agrees that upon COMMISSION determination that GUARANTOR's financial assurance is no longer acceptable, OBLIGOR shall provide alternative financial assurance acceptable to the COMMISSION within sixty (60) days.

First Authorized Signature:

Signature of President or Authorized Officer 	
Name MATTHEW ROSKOT	Title: PRESIDENT

State of FLORIDA)
) SS.
County of PALM BEACH)

The foregoing instrument was acknowledged before me on this date May 2, 2024 by


Matthew Roskot of Oliver Wind IV, LLC, a Delaware limited liability company, on behalf of the company.



(SEAL)

BY: Stephanie Bonta
NOTARY PUBLIC: Stephanie Bonta
MY COMMISSION EXPIRES: 06-21-2027

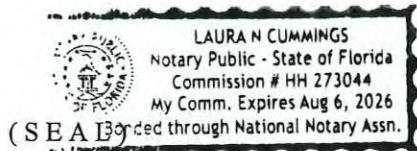
Second Authorized Signature:

Signature of Chief Financial Officer or Authorized Officer 	
Name CHRISTOPHER H. ZAJIC	Title: VICE PRESIDENT

State of FLORIDA)
) SS.
 County of PALM BEACH)

The foregoing instrument was acknowledged before me on this date 4/29/24 by

Christopher H. Zajic of Oliver Wind IV, LLC, a Delaware limited liability company, on behalf of the company.

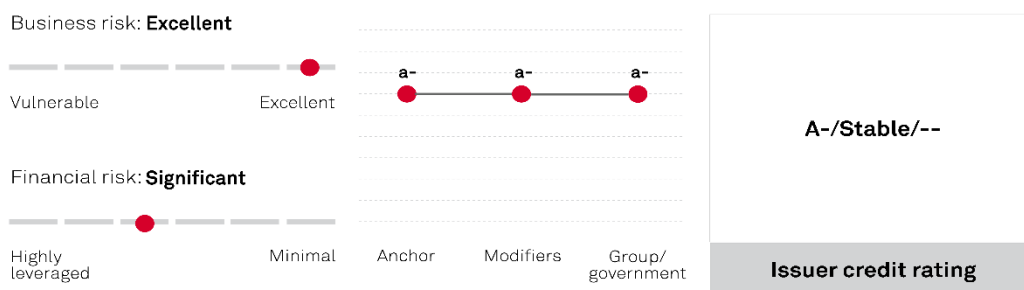


BY: Laura N Cummings
 NOTARY PUBLIC: Laura N Cummings
 MY COMMISSION EXPIRES: Aug. 6, 2026

NextEra Energy Inc.

December 8, 2023

Ratings Score Snapshot



Primary contact

Gerrit W Jepsen, CFA
New York
1-212-438-2529
gerrit.jepsen
@spglobal.com

Secondary contact

Daria Babitsch
New York
917-574-4573
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@spglobal.com

Research contributor

Naman Agarwal
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Pune

Credit Highlights

Overview

Key strengths

Large, lower-risk, regulated electric utility operations account for about 70% of consolidated EBITDA.

Above-average utility growth and proactive system hardening that reduces physical risks.

Majority of the competitive businesses employ long-term contracts, which decreases their associated risk.

Typically better management of regulatory and environmental, social, and governance risks than peers.

Key risks

Highest-risk businesses account for about 10% of consolidated EBITDA, feature low margins, expose it to significant liquidity needs, and require diligent risk management and hedging against fluctuating commodity prices.

High capital spending leads to negative discretionary cash flow, which necessitates consistent capital market access.

Minimal financial cushion based on expectation it will maintain funds from operations (FFO) to debt near downgrade threshold.

We assess NextEra Energy Inc.'s (NEE) business risk profile as being toward the middle of our expected range for the excellent category, which incorporates its higher risk non-utility

businesses and the effects of the U.S. Inflation Reduction Act (IRA). The higher-risk businesses include contracted competitive energy, nuclear merchant generation, proprietary trading, retail supply and wholesale full-requirement contracts, and natural gas exploration and production businesses. Some of these activities entail significant liquidity needs, low margins, and require diligent risk management and hedging against fluctuating commodity prices. We expect that the company will benefit from the IRA because the new law provides longer-term certainty around its tax credit benefits and the transferability or direct pay of such tax credits, which we expect will be more efficient and enhance its longer-term cash flow visibility.

We expect the IRA support NEE's credit quality. The long-term extension of production tax credits (PTC) and investment tax credits (ITC) for wind and solar generation and the expansion of tax credits for other renewable technologies (e.g., clean hydrogen) will provide the company with material long-term funding streams. The transferability of the tax credits will also enable NEE to more quickly monetize the tax credits it generates and at a lower cost.

We assess NEE's sale of a small Florida gas utility as credit neutral. The company announced that its subsidiary, Florida Power & Light Co. (FPL), is selling its gas utility, Florida City Gas, for \$923 million. Although NEE will lose the operating cash flow it receives from the utility after the sale, it can reinvest the proceeds into its remaining operations. Given Florida City Gas' relatively small size, we expect this transaction will be credit neutral and that its ultimate parent's financial metrics will consistently remain above our downgrade thresholds.

Outlook

The stable outlook on NEE incorporates our expectation that it will focus on expanding its lower-risk, regulated utility business and reducing the risks from its competitive business through the strategic augmentation of its lower-risk contracted assets. We expect the company's regulated utility business will consistently account for more than 70% of its consolidated EBITDA. We also forecast NEE's consolidated financial measures will be at the higher end of our expected range for its financial risk profile category, including FFO to debt of 19%-20% through 2025. In addition, our base case assumes it will not face an investigation by the U.S. Federal Election Commission (FEC) regarding alleged campaign finance law violations.

Downside scenario

We could lower our rating on NEE over the next 24 months if we believe its management of regulatory risk has weakened, its lower-risk regulated utility businesses accounts for less than 70% of its consolidated EBITDA, or its FFO to debt falls below 18%. This could occur if the company unexpectedly increases its leverage to support a more aggressive growth strategy, higher-than-forecast shareholder rewards, or a large debt-financed acquisition.

Upside scenario

We could raise our rating on NEE over the next 24 months if its financial measures improve and consistently reflect FFO to debt of greater than 25%. This could occur if the company reduces its reliance on leverage or uses mostly equity to finance a large acquisition or capital project.

Our Base-Case Scenario

Assumptions

- EBITDA rises annually, supported by rate increases at its utility and the expansion of its contracted and competitive generation assets;
- Capital expenditure (capex) averaging about \$18.5 billion per year through 2025, net of asset recycling and tax equity;
- Negative discretionary cash flow averaging about \$12 billion annually through 2025, indicating external funding needs;
- NEE funds its growth in a balanced manner using equity issuances, hybrid securities, asset recycling, and tax equity; and
- All debt maturities are refinanced.

Key metrics

NextEra Energy Inc.--Key Metrics*

	2022a	2023e	2024f	2025f
Debt to EBITDA (x)	4.6	4.0-4.5	4.0-4.5	4.0-4.5
FFO to debt (%)	19.2	19-20	19-20	18-19
FFO cash interest coverage (x)	8.9	7.5-8.0	6.5-7.0	6.5-7.0

*All figures adjusted by S&P Global Ratings. a--Actual. f--Forecast. e--Estimate. FFO--Funds from operations.

Company Description

NEE is a large electric power and energy infrastructure company that primarily comprises lower-risk, regulated utility operations (about 70% of EBITDA), competitive generation (about 20% of EBITDA), proprietary trading (about 5% of EBITDA), and natural gas infrastructure businesses (about 5% of EBITDA). The company's regulated utility, Florida Power & Light Co. (FP&L), serves more than 5.8 million customers in Florida and maintains about 33,000 megawatts (MW) of generation capacity, including from nuclear and natural gas. NEE's nonutility operations focus largely on contracted electric generation (generally hedged or under long-term contracts) with an emphasis on renewable energy projects, as well as some fossil fuel and nuclear generation.

Peer Comparison

NextEra Energy Inc.--Peer Comparisons

	NextEra Energy Inc.	Duke Energy Corp.	American Electric Power Co. Inc.	Xcel Energy Inc.	Southern Co.
Foreign currency issuer credit rating	A-/Stable/--	BBB+/Stable/A-2	A-/Negative/A-2	A-/Stable/A-2	BBB+/Positive/A-2
Local currency issuer credit rating	A-/Stable/--	BBB+/Stable/A-2	A-/Negative/A-2	A-/Stable/A-2	BBB+/Positive/A-2

NextEra Energy Inc.--Peer Comparisons

Period	Annual	Annual	Annual	Annual	Annual
Period ending	2022-12-31	2022-12-31	2022-12-31	2022-12-31	2022-12-31
Mil.	\$	\$	\$	\$	\$
Revenue	20,956	28,644	19,508	15,310	29,279
EBITDA	11,194	12,968	7,228	5,363	10,819
Funds from operations (FFO)	9,963	10,525	5,780	4,380	8,876
Interest	1,674	3,086	1,577	1,050	2,467
Cash interest paid	1,263	2,448	1,332	968	1,797
Operating cash flow (OCF)	4,840	5,944	5,269	4,131	6,547
Capital expenditure	19,080	11,249	6,709	4,610	8,010
Free operating cash flow (FOCF)	(14,240)	(5,305)	(1,440)	(479)	(1,463)
Discretionary cash flow (DCF)	(17,837)	(8,506)	(3,111)	(1,491)	(5,064)
Cash and short-term investments	1,601	409	697	111	1,917
Gross available cash	1,601	409	697	111	1,917
Debt	54,572	77,434	38,921	26,792	57,798
Equity	57,798	51,372	25,393	16,675	38,088
EBITDA margin (%)	53.4	45.3	37.1	35.0	37.0
Return on capital (%)	6.0	5.8	6.3	6.2	7.0
EBITDA interest coverage (x)	6.7	4.2	4.6	5.1	4.4
FFO cash interest coverage (x)	8.9	5.3	5.3	5.5	5.9
Debt/EBITDA (x)	4.9	6.0	5.4	5.0	5.3
FFO/debt (%)	18.3	13.6	14.8	16.3	15.4
OCF/debt (%)	8.9	7.7	13.5	15.4	11.3
FOCF/debt (%)	(26.1)	(6.9)	(3.7)	(1.8)	(2.5)
DCF/debt (%)	(32.7)	(11.0)	(8.0)	(5.6)	(8.8)

Business Risk

Our assessment of the company's business risk profile reflects our expectation that the EBITDA contribution from its lower risk regulated utility businesses will consistently account for about 70% of its consolidated EBITDA. Through its utility operations, NEE provides electric services to nearly 5.8 million customers throughout most of the east and lower west coasts of Florida. Its large, mostly residential customer base provides additional stability to its cash flows. NEE operates under a constructive regulatory framework and benefits from forward-looking test years and various constructive regulatory mechanisms that provide for the timely recovery of its investments and fuel costs. Additionally, the company's proactive system hardening and effective storm management have decreased its exposure to physical risks. We view the company's management of regulatory risk as above average compared with that of its peers, which is demonstrated by its ability to consistently earn returns close to its authorized levels.

Furthermore, we expect that the company will continue to reduce the risks stemming from its competitive businesses by expanding its use of lower-risk, long-term contracted assets. We assess NEE's business risk profile as being toward the middle of the range for the excellent category, which reflects our assessment of the IRA's effects on its business. We believe the IRA will provide longer-term certainty for its tax credit benefits and enable it to transfer or direct

pay such tax credits, which we expect will be more efficient and enhance its longer-term cash flow visibility. Our assessment also incorporates NEE's other higher-risk businesses. These include nuclear merchant generation, proprietary trading, retail supply and wholesale full-requirements contracts, as well as natural gas exploration and production businesses. These activities account for about 10% of its consolidated EBITDA, entail significant liquidity needs and low margins, and require diligent risk management and hedging against fluctuating commodity prices.

At the same time, we expect the company will continue to gradually reduce its risk by decreasing its carbon emissions, increasing its investment in lower-risk utility assets, and expanding its competitive businesses through long-term contracted assets. Currently, NEE is proactively expanding the regulated and competitive long-term contracted businesses that account for about 90% of its consolidated EBITDA. Furthermore, the company will continue to decrease its greenhouse gas emissions, given its target of achieving real zero emissions by 2045.

Financial Risk

Under our base-case forecast, we assume NEE's S&P Global Ratings-adjusted FFO to debt will be in the 18%-20% range through 2025, after incorporating the recovery of its costs through rate increases at its utility and the expansion of its contracted and competitive generation assets. The various rate mechanisms provided by its regulators enable the timely recovery of the company's costs and support more stable operating cash flow. We expect NEE will continue to fund its investments in a manner that preserves its credit quality.

Over the next several years, we forecast elevated capital spending averaging about \$18 billion per year through 2025 to achieve its system modernization, decarbonization, and energy policy goals. This robust level of capital spending, along with the company's dividends, will cause it to generate negative discretionary cash flow, which indicates a need for external funding that we believe will include debt issuances. We also expect the company's continued use of equity issuances, hybrid securities, asset recycling, tax credits, and tax equity to support its credit quality. We expect NEE's leverage (current S&P Global Ratings-adjusted debt to EBITDA in the low to mid-4x range) will be weaker through 2025. The company's supplemental financial ratio--FFO cash interest coverage--will be in the 6.5x-7.5x range through 2025, which bolsters our financial risk assessment.

We use our medial volatility benchmarks, which are more relaxed than the benchmarks we use for typical corporate issuers, to assess NEE's financial risk. This reflects the company's low-risk utility operations and effective management of regulatory risk.

Debt maturities

- 2024: \$6.8 billion;
- 2025: \$7.7 billion;
- 2026: \$1.2 billion;
- 2027: \$7.3 billion; and
- Thereafter: \$32.2 billion

NextEra Energy Inc.--Financial Summary

Period ending	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
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NextEra Energy Inc.--Financial Summary

Reporting period	2017a	2018a	2019a	2020a	2021a	2022a
Display currency (mil.)	\$	\$	\$	\$	\$	\$
Revenues	17,120	16,651	19,128	17,997	17,069	20,956
EBITDA	7,458	8,637	9,964	10,324	10,039	11,194
Funds from operations (FFO)	6,147	7,133	7,895	8,562	8,751	9,963
Interest expense	1,691	1,751	2,507	2,214	1,445	1,674
Cash interest paid	1,169	1,304	1,885	1,527	1,357	1,263
Operating cash flow (OCF)	5,861	5,811	7,765	7,664	6,865	4,840
Capital expenditure	10,637	12,804	17,275	14,391	15,921	19,080
Free operating cash flow (FOCF)	(4,776)	(6,992)	(9,510)	(6,727)	(9,056)	(14,240)
Discretionary cash flow (DCF)	(6,746)	(9,204)	(12,069)	(9,738)	(12,253)	(17,837)
Cash and short-term investments	1,714	638	600	1,105	639	1,601
Gross available cash	1,714	638	600	1,105	639	1,601
Debt	21,994	28,704	33,866	35,160	40,137	54,572
Common equity	33,426	41,109	45,669	52,776	53,531	57,798
Adjusted ratios						
EBITDA margin (%)	43.6	51.9	52.1	57.4	58.8	53.4
Return on capital (%)	10.2	7.5	6.9	5.0	6.6	6.0
EBITDA interest coverage (x)	4.4	4.9	4.0	4.7	6.9	6.7
FFO cash interest coverage (x)	6.3	6.5	5.2	6.6	7.4	8.9
Debt/EBITDA (x)	2.9	3.3	3.4	3.4	4.0	4.9
FFO/debt (%)	27.9	24.9	23.3	24.4	21.8	18.3
OCF/debt (%)	26.6	20.2	22.9	21.8	17.1	8.9
FOCF/debt (%)	(21.7)	(24.4)	(28.1)	(19.1)	(22.6)	(26.1)
DCF/debt (%)	(30.7)	(32.1)	(35.6)	(27.7)	(30.5)	(32.7)

Reconciliation Of NextEra Energy Inc. Reported Amounts With S&P Global Adjusted Amounts (Mil. \$)

Financial year	Shareholder		Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
	Debt	Equity								
Dec-31-2022										
Company reported amounts	64,966	39,229	20,956	8,584	4,081	585	11,194	8,262	3,352	19,283
Cash taxes paid	-	-	-	-	-	-	32	-	-	-
Cash interest paid	-	-	-	-	-	-	(1,375)	-	-	-
Cash interest paid: other	-	-	-	-	-	-	88	-	-	-
Lease liabilities	775	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	70	17	17	(17)	53	-	-
Equity-like hybrids	(6,500)	6,500	-	-	-	(148)	148	148	148	-
Intermediate hybrids (debt)	(1,862)	1,862	-	-	-	(97)	97	97	97	-

Reconciliation Of NextEra Energy Inc. Reported Amounts With S&P Global Adjusted Amounts (Mil. \$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Accessible cash and liquid investments	(1,601)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	203	(203)	(203)	-	(203)
Share-based compensation expense	-	-	-	162	-	-	-	-	-	-
Dividends from equity investments	-	-	-	541	-	-	-	-	-	-
Power purchase agreements	41	-	-	2	2	2	(2)	-	-	-
Asset-retirement obligations	-	-	-	145	145	145	-	-	-	-
Nonoperating income (expense)	-	-	-	-	515	-	-	-	-	-
Noncontrolling/minority interest	-	10,207	-	-	-	-	-	-	-	-
U.S. decommissioning fund contributions	-	-	-	-	-	-	-	(729)	-	-
Debt: Debt serviced by third parties	2,788	-	-	-	-	-	-	-	-	-
Debt: other	(4,036)	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(522)	(522)	-	-	-	-	-
EBITDA: Valuation gains/(losses)	-	-	-	2,346	2,346	-	-	-	-	-
EBITDA: other	-	-	-	(133)	(133)	-	-	-	-	-
D&A: other	-	-	-	-	(287)	-	-	-	-	-
Interest: Derivatives	-	-	-	-	-	968	-	-	-	-
OCF: Asset disposals	-	-	-	-	-	-	-	(2,788)	-	-
Total adjustments	(10,394)	18,569	-	2,610	2,083	1,089	(1,231)	(3,422)	246	(203)
S&P Global Ratings adjusted	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Dividends	Capital expenditure
	54,572	57,798	20,956	11,194	6,164	1,674	9,963	4,840	3,598	19,080

Liquidity

We base our short-term 'A-2' rating on our long-term issuer credit rating on NEE. As of Sept. 30, 2023, we assess the company's liquidity as adequate, which reflects our expectation its sources of cash will be 1.1x its uses over the next 12 months even if its consolidated EBITDA declines 10%. We believe NEE's predictable regulatory framework provides it with cash flow stability even in times of economic stress, which supports our use of slightly lower thresholds to assess its liquidity. In addition, we believe it has the ability to absorb high-impact, low probability events. This reflects NEE's committed credit facilities provided by a large group of banks and our belief it can reduce its high capital spending during periods of stress, indicating a limited need for refinancing under such conditions. Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group, and

satisfactory standing in the credit markets (its credit default swap spreads are in line with those of its peer investment-grade utilities). Overall, we believe NEE will likely withstand adverse market circumstances over the next 12 months while maintaining sufficient liquidity to meet its obligations. The company's faces \$6.8 billion of long-term debt maturities in 2024, which we expect it will proactively address well in advance of their scheduled due dates.

Principal liquidity sources

- Estimated cash FFO of about \$11.4 billion;
- Credit facility availability of about \$15 billion;
- Asset sales of about \$6.7 billion; and
- Cash and liquid investments of about \$1.6 billion.

Principal liquidity uses

- Debt maturities, including outstanding commercial paper, of about \$14.1 billion;
- Working capital outflows of about \$155 million;
- Capital spending of \$13 billion, which reflects its ability to scale back its planned capex, including growth capex, amid financial distress; and
- Dividends of about \$4 billion.

Environmental, Social, And Governance

Environmental and governance factors are positive considerations in our credit rating analysis of NEE. The company is increasing the proportion of renewable generation in its generation portfolio to about 45% (from about 27%) by 2025 while reducing its reliance on nuclear generation to about 18% (from about 23%) and natural gas to about 36% (from about 48%). The cumulative effect will further strengthen its industry-leading carbon dioxide intensity (emissions in tons/gigawatts). Currently, the company's carbon intensity is about 40% lower than that of its closest industry competitor. NEE's record of effective strategic planning and completion of its many infrastructure projects on time and on budget, while also meeting or exceeding its financial performance targets, lead us to anticipate it will successfully execute its strategic initiatives.

Issue Ratings--Subordination Risk Analysis

Capital structure

1. As of Sept. 30, 2023, NEE's capital structure comprised about \$67 billion of total long-term debt, of which about \$35 billion was outstanding at NextEra Energy Capital Holdings Inc. (NEECH) and about \$25 billion was outstanding at FP&L.

Analytical conclusions

2. We rate the unsecured debt at NEECH, which is guaranteed by NEE, one notch below our rating on NEE because it ranks behind significant debt issued by subsidiaries in the capital structure.
3. We rate the hybrid equity units at NEE two notches below our issuer credit rating, which incorporates one notch for their deferability and one notch for their subordination.
4. We rate the junior subordinated notes at NEECH two notches below our rating on NEE, which incorporates one notch for their deferability and one notch for their subordination.

Rating Component Scores

Foreign currency issuer credit rating	A-/Stable/--
Local currency issuer credit rating	A-/Stable/--
Business risk	Excellent
Country risk	Very Low
Industry risk	Low
Competitive position	Excellent
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	a-
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Strong (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	a-

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013

NextEra Energy Inc.

- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of December 08, 2023)*

NextEra Energy Inc.

Issuer Credit Rating	A-/Stable/--
Senior Unsecured	BBB

Issuer Credit Ratings History

11-Mar-2010	<i>Foreign Currency</i>	A-/Stable/--
14-Jan-2010		A/Watch Neg/--
26-Oct-2006		A/Stable/--
11-Mar-2010	<i>Local Currency</i>	A-/Stable/--
14-Jan-2010		A/Watch Neg/--
26-Oct-2006		A/Stable/--

Related Entities

Florida Power & Light Co.

Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
Preference Stock	BBB+
Preferred Stock	BBB+
Senior Secured	A+
Senior Unsecured	A

NextEra Energy Capital Holdings Inc.

Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Local Currency</i>	A-2
Junior Subordinated	BBB
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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NextEra Energy, Inc.; NextEra Energy Capital Holdings, Inc.

NextEra Energy, Inc.'s ratings reflect ownership of Florida Power & Light Company (FPL), a regulated electric utility operating in a constructive regulatory environment, and its strong competitive position as the largest renewable generation company in the U.S. On a fully consolidated basis (including nonrecourse project debt), Fitch Ratings expects NextEra's FFO leverage to remain elevated in 2023–2024 to reflect significantly higher capex at NextEra Energy Capital Holdings, Inc. Fitch expects FFO leverage to moderate to 4.5x in 2025, benefiting from the conversion of \$2.0 billion equity units issued in 2022, to which Fitch does not allocate any equity credit.

Key Rating Drivers

Exposure to Regulated and Contracted Assets: NextEra's business mix, which comprises of primarily regulated investments and long-term contracted nonregulated renewable assets, is supportive of its credit profile. Base rate increases at FPL following a constructive 2021 rate order, planned investments in regulated solar generation projects, focus on Federal Energy Regulatory Commission-regulated transmission investments, and continued growth in contracted, nonregulated renewable investments are driving the favorable shift in cash flow mix.

Fitch calculates the proportion of regulated EBITDA in the overall business mix to be approximately 75% in 2022 and expects it to decline to 70% by 2025. Within the nonregulated businesses, management's emphasis remains on long-term contracted renewable generation. Fitch expects the adjusted EBITDA contribution from both regulated and contracted businesses to be approximately 90%–95% over the next few years.

Leading Position in Renewables: Fitch believes NextEra is strongly positioned to take advantage of the energy transition underway in the U.S. The enhanced federal tax incentives provided by the Inflation Reduction Act (IRA) is expected to drive significant growth in clean technologies that NextEra is pursuing, namely wind, solar, battery storage, hydrogen and renewable natural gas. The company's unregulated business has a robust pipeline of projects in various stages of development and plans to develop 32.7–41.8GW of renewable and battery storage projects over 2023–2026, thereby maintaining its leadership in the industry. Toward this goal, NextEra has originated approximately 21GW in its backlog of signed contracts.

Given its market leading position and scale in renewables, NextEra has successfully navigated through industry headwinds created by supply chain disruptions, import tariffs and interconnection issues without material disruptions. Despite recent increases in capital, operating and financing costs, contracted renewables remain competitive given the increase in power prices. Management has a strong track record of lowering O&M costs and its scale gives it significant advantage over competition.

Elevated Capex: Fitch expects consolidated capex to be approximately \$68 billion over 2023–2025, which is significantly higher than historical levels. Capex is split roughly 65% at non-regulated business and balance at regulated business; the large skew of capex toward non-regulated businesses is a credit concern.

Ratings

NextEra Energy, Inc.; Nextera Energy Capital Holdings, Inc.

Long-Term IDR	A–
Short-Term IDR	F2
Long-Term Junior Subordinated	BBB
Long-Term Senior Unsecured	A–
Short-Term Senior Unsecured	F2

Outlook

Long-Term Foreign-Currency IDR	Stable
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[Click here for the full list of ratings](#)

2035 Climate Vulnerability Signal: 36

Applicable Criteria

[Parent and Subsidiary Linkage Rating Criteria \(June 2023\)](#)

[Corporate Rating Criteria - Effective from 28 October 2022 to 3 November 2023 \(October 2022\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria - Effective from 9 April 2021 to 13 October 2023 \(April 2021\)](#)

Related Research

[Global Corporates Macro and Sector Forecasts](#)

[Fitch Affirms NextEra Energy Partners at 'BB+'; Outlook Stable \(December 2023\)](#)

[North American Utilities, Power & Gas Outlook 2024 \(December 2023\)](#)

[North American Utilities, Power & Gas – Relative Credit Analysis \(November 2023\)](#)

[North American Utilities, Power & Gas Dashboard: Third-Quarter 2023 \(October 2023\)](#)

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Management's updated funding plan relies on tax transferability provisions of the IRA and renewable asset sales to third parties, including build-operate-transfer transactions, in lieu of asset drop-downs to NextEra Energy Partners L.P. (NEP, BB+/Stable). Fitch assumes NextEra will also continue to have strong access to capital markets, bank debt and tax equity to finance its growth. NextEra has substantial interest rate hedges in place that provide near-term protection; however, higher interest expense will be problematic if interest rates continue to rise.

Near-Term Weakening of Credit Metrics: On a fully consolidated basis (including nonrecourse project debt), Fitch expects NextEra's FFO leverage to remain elevated in 2023–2024 to reflect significantly higher capex at Capital Holdings. Fitch expects FFO leverage to moderate to 4.5x in 2025, benefiting from the conversion of \$2.0 billion equity units issued in 2022, to which Fitch does not allocate any equity credit.

Adjustment for Non-Recourse Debt: NextEra's credit metrics, as reported, have historically shown more leverage than a median 'A-' financial profile for a utility or parent holding company. A portion of the renewable generation portfolio is financed with project debt that has limited or no corporate recourse. However, these projects tend to be highly leveraged (with typically a low investment-grade profile), which weakens the consolidated leverage metrics for NextEra.

Fitch believes a better way to analyze NextEra's metrics is to deconsolidate a majority of the project-financed entities and only include the upstream distribution from these entities in NextEra's credit analysis. The off-credit treatment to the limited recourse debt reflects Fitch's assumption is that NextEra would walk away from these projects in the event of financial deterioration, including those projects where a differential membership interest has been sold. NextEra's commitment to not buy the remaining ownership interest in its subsidiary NEP is supportive of this deconsolidated approach. Non-recourse debt associated with entities such as Lone Star Transmission is not deconsolidated.

Deconsolidating project debt typically results in 60bps–80bps lower leverage compared with consolidated leverage. As such, adjusting for non-recourse debt, Fitch expects FFO leverage for NextEra to be approximately 4.5x in 2023, which is 20bps above our 4.3x adjusted FFO leverage negative sensitivity. Fitch expects adjusted FFO leverage to decline to 3.6x in 2025 given Fitch's expectation that NextEra will rely more on project debt to finance its renewable investments than it has in the recent past.

Parent-Subsidiary Rating Linkage: There is parent subsidiary linkage between NextEra and FPL. Fitch determines NextEra's standalone credit profile (SCP) based upon consolidated metrics. Fitch considers FPL to have SCP stronger than that of NextEra. As such, Fitch has followed the stronger subsidiary path.

Emphasis is placed on FPL's status as a regulated entity. Legal ring-fencing is considered porous given the general protections afforded by regulatory oversight. Access and control are evaluated as porous. NextEra centrally manages the treasury function for all of its entities and is the sole source of equity. However, FPL issues its own short-term and long-term debt. Due to the aforementioned linkage considerations, Fitch will limit the difference between the Issuer Default Ratings of NextEra and FPL to two notches.

Financial Summary

(\$ mil.)	2018	2019	2020	2021	2022
Gross revenue	16,653	19,128	17,997	17,069	20,956
EBITDA	8,316	9,454	9,062	7,108	8,844
CFO (Fitch-defined)	6,575	8,305	8,154	7,568	8,245
Capital intensity (capex/revenue) (%)	78.1	64.3	75.6	89.6	46.5
Debt	36,224	40,645	46,565	53,369	63,551
FFO leverage (x)	4.2	4.0	4.6	5.8	6.7
FFO interest coverage (x)	6.5	4.3	6.3	6.4	6.1
EBITDA leverage (x)	4.4	4.1	4.9	7.0	6.8

Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

NextEra compares favorably with peer parent holding companies The Southern Company (BBB+/Stable), Sempra Energy (BBB+/Stable) and Dominion Energy, Inc. (BBB+/Stable) given its ownership of a strong regulated utility in

Florida, dominant position in contracted renewable business and superior credit metrics, offset by a smaller proportion of regulated utility operations in the overall business mix.

All of NextEra's peers are facing material project execution risk due to the construction of large projects, which include the nuclear Vogtle Units 3 and 4 at Southern, a large offshore wind project at Dominion and potential LNG projects at Sempra's midstream subsidiary. The corporate debt at NextEra, Sempra and Dominion is structurally subordinated to non-recourse debt at their project subsidiaries. NextEra's ownership interest in NextEra Energy Partners, LP (NEP) adds organizational structure complexity its peers do not have.

NextEra's share of consolidated EBITDA generated from regulated utility subsidiaries is approximately 70%–75%, which is less favorable compared with Southern and Sempra, both at 80%, and Dominion at 85%–90%. NextEra's projected consolidated FFO leverage of 4.5x by 2025 is stronger than projected metrics for Southern at 4.7x by 2024 and Dominion at 5.4x, and comparable to that for Sempra at mid- to high 4.0x).

Rating Sensitivities

Factors that May, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Positive rating actions for NextEra appear unlikely at this time.

Factors that May, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Consolidated FFO leverage above 4.5x on a sustainable basis;
- After adjusting for non-recourse debt, FFO leverage above 4.3x on a sustainable basis as long as distribution derived from such non-recourse subsidiaries is less than 20% of the consolidated FFO;
- Any deterioration in credit measures that result from higher use of leverage or outsized return of capital to shareholders;
- An aggressive acquisition or financial strategy at NEP, rising conflict of interest between NextEra and NEP, or predominantly shareholder focused use of proceeds from the sale of assets to NEP;
- A change in strategy to invest in noncontracted renewable/pipeline/electric transmission assets, more speculative assets, or a lower proportion of cash flow under long-term contracts;
- Any change in current regulatory policies at Florida Public Service Commission and/or any weakness in the current business climate in Florida;
- Changes in tax rules that reduce NextEra's ability to monetize its accumulated production tax credits, investment tax credits and accumulated tax losses carried forward.

Liquidity and Debt Structure

Strong Liquidity: On a consolidated basis, NextEra had \$12.8 billion of net available liquidity as of Sept 30, 2023, excluding limited recourse or nonrecourse project-financing arrangements. The company continues to have strong access to the capital markets and banks for both corporate credit and project finance.

Committed corporate credit facilities for NextEra and FPL aggregated to approximately \$17.3 billion as of Sept 30, 2023. Included in that total is \$3.4 billion in unsecured facilities available to FPL as loans, including \$450 million available to issue LOCs.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Climate Vulnerability Considerations

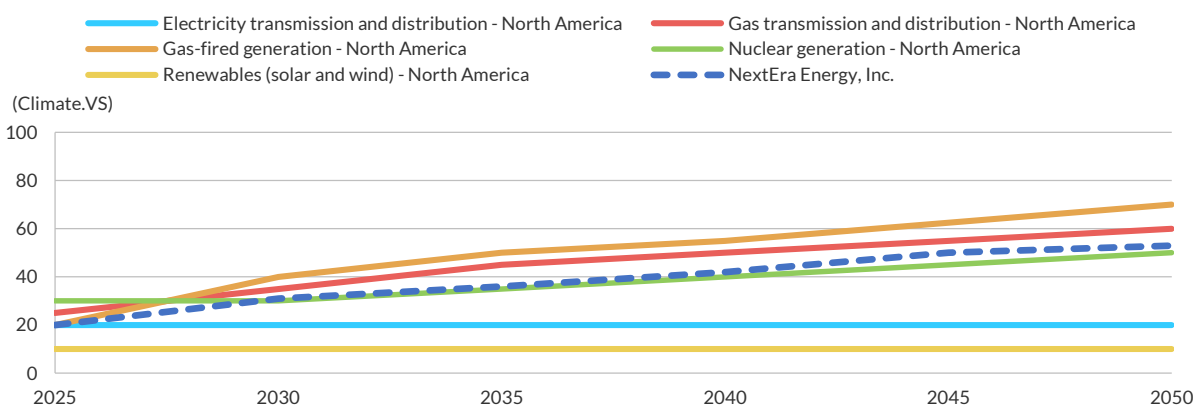
Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional

consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#).

The 2022 asset-weighted Climate.VS for NEE for 2035 is 36 out of 100, based on 2022 data, suggesting low exposure to climate-related risks in that year. For further information on how Fitch perceives climate-related risks in the utilities sector see our [Utilities - Long-Term Climate Vulnerability Signals Update](#) report.

Climate.VS Evolution

As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(\$ mil.)	12/31/21	12/31/22
Total cash and cash equivalents	639	1,601
Short-term investments	0	0
Less not readily available cash and cash equivalents	0	0
Fitch-defined readily available cash and cash equivalents	639	1,601
Availability under committed lines of credit	10,044	7,805
Total liquidity	10,683	9,406
LTM EBITDA after associates and minorities	7,634	9,385
LTM FCF	-10,751	-4,849

Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

Scheduled Long-Term Debt Maturities^a

(\$ mil.)	9/30/23
4Q23	2,391
2024	8,026
2025	7,770
2026	1,239
2027	7,190
Thereafter	43,224
Total	69,841

^aExcluding commercial papers outstanding of \$3,985 million as of Sept 30, 2023.

Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

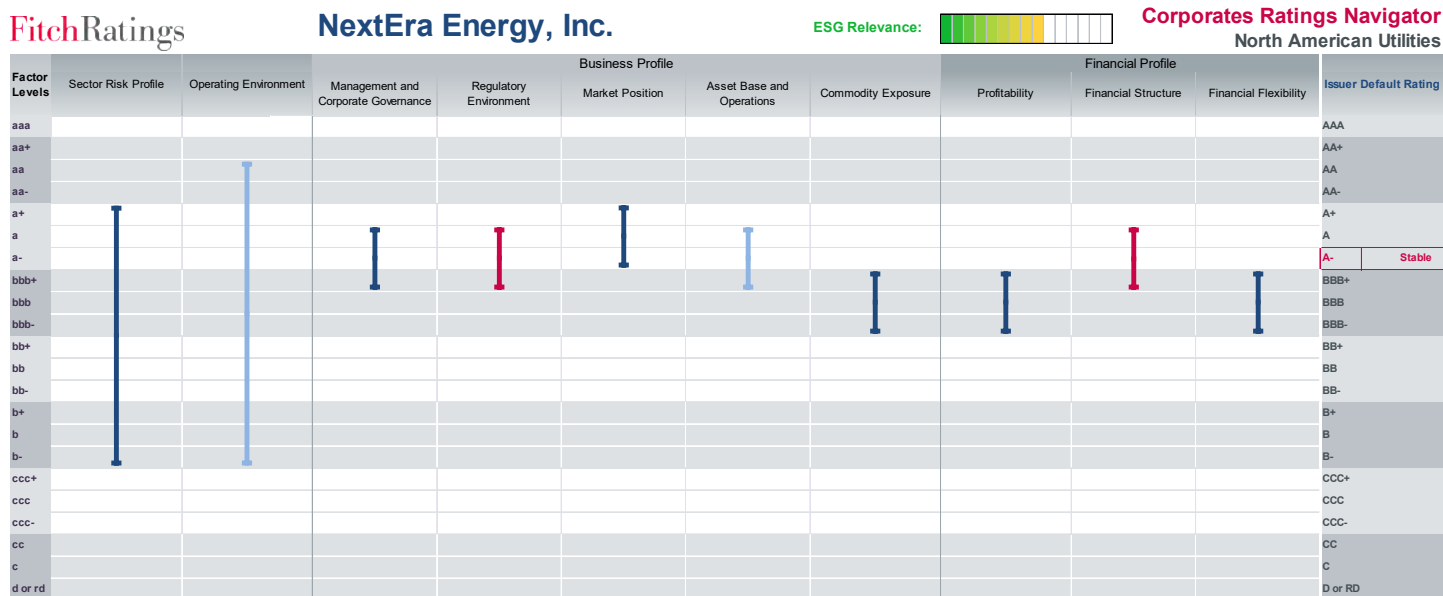
Key Assumptions

Fitch's Key Assumptions Within the Rating Case for the Issuer Include

- Annual retail sales growth of 0.5% at FPL over 2023–2025;

- Rate increases for FPL as per 2021 rate order;
- O&M and other expenses growth at FPL relatively flat in 2023–2025;
- Capex at regulated and non-regulated businesses of approximately \$68 billion over 2023–2025 split approximately 65/35 between the two businesses;
- Renewable projects growth toward the top end of management’s forecasts;
- Balanced funding mix at FPL and reliance on tax equity, project debt and hybrid debt at Capital Holdings;
- Limited commodity exposure and near-term interest rate exposure based on existing hedge position.

Ratings Navigator



Bar Chart Legend:

Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	<ul style="list-style-type: none"> ↑ Positive ↓ Negative ↕ Evolving □ Stable
<ul style="list-style-type: none"> Higher Importance Average Importance Lower Importance 	

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a+	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
a	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a-	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	a	High quality and timely financial reporting.
bbb			

Regulatory Environment

a+	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
a-	Trend in Authorized ROEs	a	Above-average authorized ROE.
bbb+	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb	Mechanisms Supportive of Creditworthiness	n.a.	

Market Position

aa-	Market Structure	bbb	Established market structure but some level of uncertainty in price-setting mechanisms.
a+	Consumption Growth Trend	a	Economically vibrant market or service territory with strong sales growth.
a	Customer Mix	a	Favorable customer mix.
a-	Geographic Location	a	Favorable location or high geographic diversity.
bbb+	Supply Demand Dynamics	a	Beneficial outlook for prices/rates.

Asset Base and Operations

a+	Diversity of Assets	a	High-quality and/or large-scale diversified assets.
a	Operations Reliability and Cost Competitiveness	a	Track record of reliable, low-cost operations.
a-	Exposure to Environmental Regulations	a	No exposure to environmental regulations.
bbb+	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb			

Commodity Exposure

a-	Ability to Pass Through Changes in Fuel	bbb	Limited exposure to changes in commodity costs.
bbb+	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb	Hedging Strategy	bbb	Long-term supply and sales contracts with creditworthy counterparties.
bbb-			
bb+			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb+	Volatility of Profitability	bbb	Stability and predictability of profits in line with utility peers.
bbb			
bbb-			
bb+			

Financial Structure

a+	EBITDA Leverage	bbb	3.75x
a	FFO Leverage	bbb	5.0x
a-			
bbb+			
bbb			

Financial Flexibility

a-	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
bbb+	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
bbb	FFO Interest Coverage	bbb	4.5x
bbb-			
bb+			

Credit-Relevant ESG Derivation

NextEra Energy, Inc. has 12 ESG potential rating drivers	key driver	0	issues	Overall ESG
▶ Emissions from operations	driver	0	issues	5
▶ Fuel use to generate energy and serve load	driver	0	issues	4
▶ Impact of waste from operations	potential driver	12	issues	3
▶ Plants' and networks' exposure to extreme weather	potential driver	12	issues	3
▶ Product affordability and access	not a rating driver	2	issues	2
▶ Quality and safety of products and services; data security	not a rating driver	0	issues	1

Showing top 6 issues
For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

NextEra Energy, Inc. has 12 ESG potential rating drivers

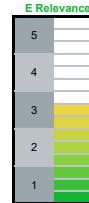
- NextEra Energy, Inc. has exposure to emissions regulatory risk but this has very low impact on the rating.
- NextEra Energy, Inc. has exposure to energy productivity risk but this has very low impact on the rating.
- NextEra Energy, Inc. has exposure to waste & impact management risk but this has very low impact on the rating.
- NextEra Energy, Inc. has exposure to extreme weather events but this has very low impact on the rating.
- NextEra Energy, Inc. has exposure to access/affordability risk but this has very low impact on the rating.
- NextEra Energy, Inc. has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability

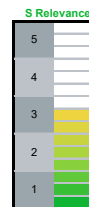


How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

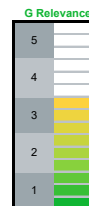
Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability



Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



CREDIT-RELEVANT ESG SCALE

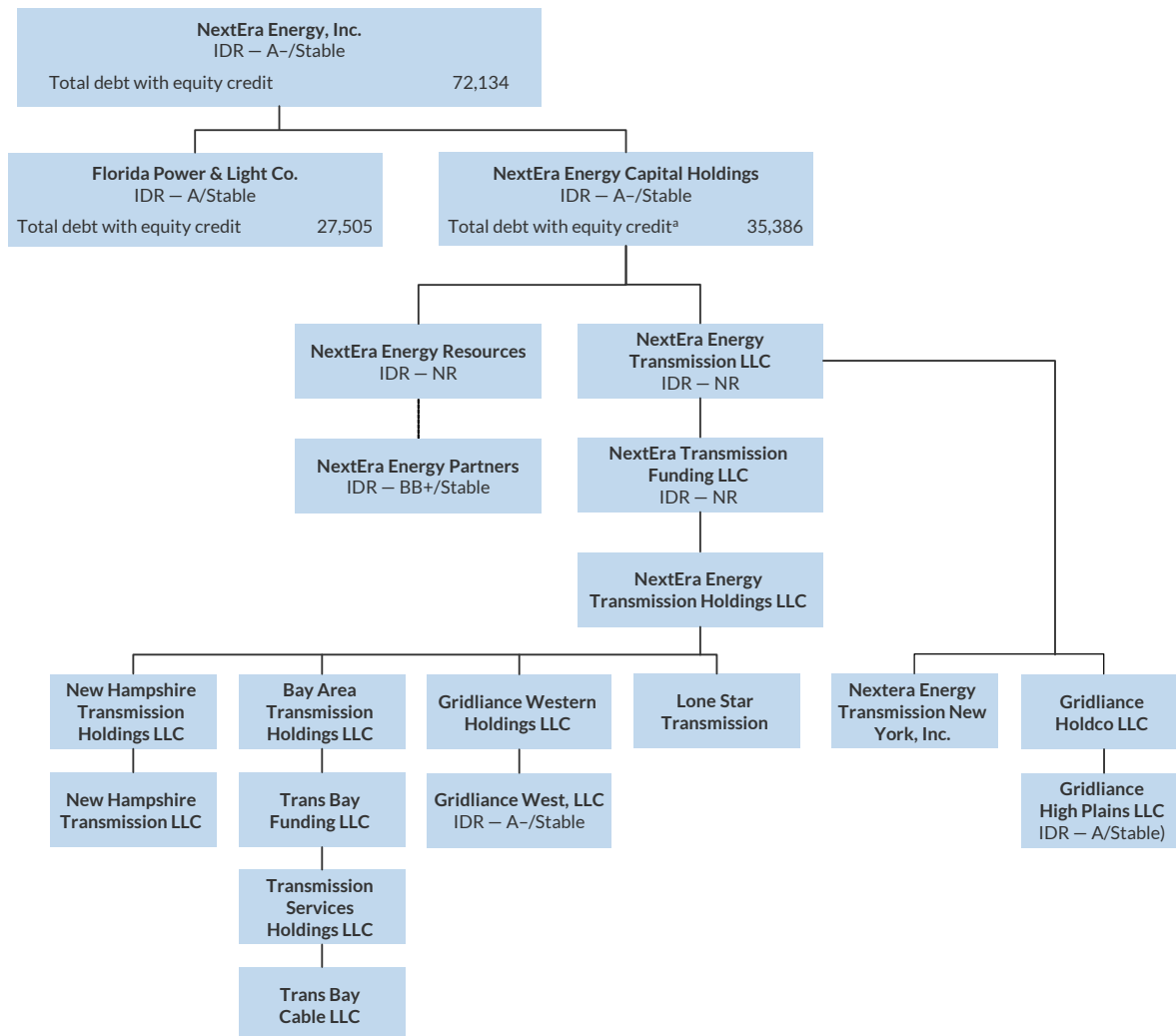
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure

\$ mil., as of Sept. 30, 2023



³50% equity credit at NextEra Energy Capital Holdings for junior subordinated debt. NR – Not rated. Note: Fitch does not consolidate NextEra Energy Partners (similar to the accounting treatment that NextEra Energy follows). As a result, Nextera Energy Partners debt is not included in NextEra Energy total debt.

Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (\$ mil.)	FFO (\$ mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
NextEra Energy, Inc.	A-						
	A-	2022	20,956	7,883	6.1	6.7	6.8
	A-	2021	17,069	7,782	6.4	5.8	7.0
	A-	2020	17,997	8,645	6.3	4.6	4.9
Dominion Energy, Inc.	BBB+						
	BBB+	2022	17,174	6,352	5.2	5.6	6.2
	BBB+	2021	13,964	4,816	4.3	6.3	6.7
	BBB+	2020	14,172	5,192	4.2	5.5	5.5

The Southern Company	BBB+						
	BBB+	2022	29,279	5,860	4.2	7.0	5.6
	BBB+	2021	23,113	6,580	4.6	6.0	5.6
	BBB+	2020	20,375	6,788	4.8	5.5	5.3
Sempra	BBB+						
	BBB+	2022	14,439	4,903	5.3	4.6	6.6
	BBB+	2021	12,857	4,227	4.2	4.2	5.1
	BBB+	2020	11,370	4,247	4.4	4.3	4.6

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(\$ mil., as of 31 Dec 2022)	Notes and formulas	Standardized values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		20,956	—	—	—	20,956
EBITDA	(a)	8,871	—	-27	—	8,844
Depreciation and amortization		-4,790	—	17	—	-4,773
EBIT		4,081	—	-10	—	4,071
Balance sheet summary						
Debt	(b)	63,105	446	—	—	63,551
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		63,105	446	—	—	63,551
Readily available cash and equivalents	(c)	1,601	—	—	—	1,601
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	8,871	—	-27	—	8,844
Dividends received from associates less dividends paid to minorities	(d)	541	—	—	—	541
Interest paid	(e)	-1,375	—	10	-196	-1,561
Interest received	(f)	—	—	—	—	—
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		32	—	—	—	32
Other items before FFO		-169	—	—	196	27
FFO	(h)	7,900	—	-17	—	7,883
Change in working capital		362	—	—	—	362
CFO	(i)	8,262	—	-17	—	8,245
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-9,742	—	—	—	-9,742
Common dividends paid		-3,352	—	—	—	-3,352
FCF		-4,832	—	-17	—	-4,849
Gross leverage (x)						
EBITDA leverage	b / (a+d)	6.8	—	—	—	6.8
(CFO-capex)/debt (%)	(i+j) / b	-2.3	—	—	—	-2.4
Net leverage (x)						
EBITDA net leverage	(b-c) / (a+d)	6.6	—	—	—	6.6
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-2.4	—	—	—	-2.4
Coverage (x)						
EBITDA interest coverage	(a+d) / (-e)	6.8	—	—	—	6.0

CFO - Cash flow from operations. Note: The standardized items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly. Debt includes other off-balance-sheet debt.

Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

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