Ohio | Public Utilities Commission

**DIS Case Number: 15-0709-EL-AGG**

## Section A: Application Information

**A-1. Provider type:**

☒ Power Broker ☐ Aggregator ☐ Retail Generation Provider ☐ Power Marketer

**A-2. Applicant's legal name and contact information.**

**Legal Name:** Midwest Energy, Inc
**Phone:** 6308878881 **Extension (if applicable):**
**Website (if any):** www.midwestenergyinc.com

**Country:** United States
**Street:** 559 S Frontage Rd
**City:** Burr Ridge **Province/State:** IL
**Postal Code:** 60527

**A-3. Names and contact information under which the applicant will do business in Ohio**

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2.

| Name | Type | Address | Active? | Proof |
|---|---|---|---|---|
| Midwest Energy, Inc. | Official Name | 559 S. Frontage Rd<br>Burr Ridge, IL 60527 | Yes | Link |

**A-4. Names under which the applicant does business in North America**

Provide all business names the applicant uses in North America, including the names provided in A-2 and A-3.

| Name | Type | Address | Active? | Proof |
|---|---|---|---|---|
| Midwest Energy, Inc. | Official Name | 559 S. Frontage Rd<br>Burr Ridge, IL 60527 | Yes | Link |

**A-5. Contact person for regulatory matters**

Ohio | Public Utilities Commission

Aundrea Williams
601 Travis St., Suite 1400
Houston, TX 77002
US
aundrea.williams@nee.com
2817264520

**A-6. Contact person for PUCO Staff use in investigating consumer complaints**

Mark Beci
559 S Frontage Rd
Burr Ridge, IL 60527
US
mbeci@midwestenergyinc.com
6308878881

**A-7. Applicant's address and toll-free number for customer service and complaints**

**Phone:** 6308878881 **Extension (if applicable):** **Country:** United States
**Fax:** **Extension (if applicable):** **Street:** 559 South Frontage Road
**Email:** mbeci@midwestenergyinc.com **City:** Burr Ridge **Province/State:** IL
**Postal Code:** 60527

**A-8. Applicant's federal employer identification number**

36-4472046

**A-9. Applicant's form of ownership**

**Form of ownership:** Corporation

**A-10. Identify current or proposed service areas**

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

**Service area selection**

AEP Ohio

Ohio | Public Utilities Commission

Duke Energy Ohio
FirstEnergy - Cleveland Electric Illuminating
FirstEnergy - Ohio Edison
FirstEnergy - Toledo Edison
AES Ohio

**Class of customer selection**

Commercial
Industrial

**A-11. Start date**

Indicate the approximate start date the applicant began/will begin offering services: 05-14-2023

**A-12. Principal officers, directors, and partners**

Please provide all contacts that should be listed as an officer, director or partner.

| Name | **Email** | Title | Address |
|---|---|---|---|
| Aundrea Williams | aundrea.williams@nee.com | Vice President, Regulatory | 601 Travis St., Suite 1400<br>Houston, TX 77002<br>US |
| Charlotte Anderson | | Secretary | 559 S Frontage Rd<br>Burr Ridge, IL 60527<br>US |
| Michael Dunne | | Vice President | 559 S Frontage Rd<br>Burr Ridge, IL 60527<br>US |
| Jason Pear | | Assistant Secretary | 559 S Frontage Rd<br>Burr Ridge, IL 60527<br>US |
| Christopher Zajic | | Treasurer & Vice President | 559 S Frontage Rd<br>Burr Ridge, IL 60527<br>US |
| Grit Farrell | grit.farrell@nee.com | Vice President | 601 Travis St, Suite 1400<br>Houston, TX 77002<br>US |
| Brian Landrum | regulatory@nexteraenergyservices.com | President | 601 Travis St., Suite 1400<br>Houston, TX 77002<br>US |

**A-13. Company history**

Midwest Energy Inc. has been operating as an Agent/Broker of electricity and natural gas since September 2001. We currently have over 900 customers primarily in Illinois. As a broker, we represent a multitude of electricity and natural gas suppliers that operate nationally. Since 2001, we have been signing customers to contracts with our suppliers

**A-14. Secretary of State**

Secretary of State Link:

## Section B: Applicant Managerial Capability and Experience

**B-1. Jurisdiction of operations**

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application..

File Attached

**B-2. Experience and plans**

Describe the applicant's experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code.

Application Experience and Plan Description: Midwest Energy, Inc. contracts with commercial, industrial, and governmental entities to provide electricity consulting and brokerage services. Midwest Energy will primarily use direct mail and phone calls to individual businesses as the means for contacting customers.

Midwest Energy reviews the recent power consumption history of each client and with this data, creates a Request for Pricing (RFP) which is then sent to certified electricity suppliers. After suppliers provide pricing, we consider each client's needs and with cost saving and risk/reward analysis based on those needs, we recommend procurement strategies. Upon choosing a strategy, the client signs a contract directly with the supplier. From here, Midwest Energy continually monitors the energy markets in preparation for the client's next supply contract.

Midwest Energy receives a brokerage fee from the supplier for our services that is built into the price which the customer pays to the supplier for their natural gas. The fee that is charged will vary but will be disclosed to the end customer. If the customer does not elect to enter a natural gas contract that we recommend with a competitive supplier, Midwest Energy will receive no fees for the work performed for the customer.

With regard to contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints, Midwest Energy Inc. will conduct itself in accordance with Commission rules.

**B-3. Disclosure of liabilities and investigations**

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction..

Liability and Investigations Disclosures: Midwest Energy, Inc. has no pending or past rulings, judgements, contingent liabilities, and revocations of authority, regulatory investigations, or any other matter that could adversely impact our financial or operational status or ability to provide the services it is seeking to be certified to provide.

**B-4. Disclosure of consumer protection violations**

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted orheld liable for fraud or for violation of any consumer protection or antitrust laws within the past five years?

**No**

**B-5. Disclosure of certification, denial, curtailment, suspension or revocation**

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio's Natural Gas or Electric Utility's Choice programs within the past two years?

**No**

Ohio | Public Utilities Commission

## Section C: Applicant Financial Capability and Experience

**C-1. Financial reporting**

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or upload the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required.

Financial Reports Link(s): Please find herein as Exhibit C-1 the link to the most recent SEC Filings for Midwest Energy, Inc's parent affiliate, NextEra Energy Inc.

NextEra Energy, Inc. 2022 FORM 10-K:

https://www.investor.nexteraenergy.com/reports-and-filings/annual-reports

**C-2. Financial statements**

Provide copies of the applicant's <u>two most recent years</u> of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with **social security numbers and bank account numbers redacted.**

If the applicant is unable to meet the requirement for two years of financial statements, the Staff reviewer may request additional financial information.

Links to Financial Statement(s): Midwest Energy, Inc. does not have stand–alone financial statements but is included in the audited financial statement of its ultimate parent company.

NextEra Energy, Inc., Midwest Energy's ultimate parent company, 2021 and 2022 Annual Report:

http://www.investor.nexteraenergy.com/reports-and-filings/annual-reports

**C-3. Forecasted financial statements**

Provide two years of forecasted income statements **based solely on the applicant's anticipated business activities in the state of Ohio.**

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in **business activities only in the state of Ohio** for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate.

Preferred to file confidentially

**C-4. Credit rating**

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter 'Not Rated'.

File(s) attached

**C-5. Credit report**

Provide a copy of the applicant's credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. **Bank/credit account numbers and highly sensitive identification information must be redacted.** If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select 'This does not apply' and provide a response in the box below stating that a credit rating(s) was provided in response to C-4.

This does not apply.

**C-6. Bankruptcy information**

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy?

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

No

**C-7. Merger information**

Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months?

Merger Information: On December 15, 2022, Retail Consulting Project Co. 3, LLC ('RCP1, LLC') acquired 100% of the legal entity and business operations of Midwest Energy, Inc. Notice was provided on January 13, 2023.

Midwest Energy, Inc will continue conducting business as Midwest Energy, Inc. In addition, the company's business operations, services, customer population, contact information and address remain unchanged. The primary impact of the transaction is a change in control and ownership of the business, as well as an update to the Midwest Energy, Inc's officers. Please see Exhibit A-12 for an updated list of officers.

**C-8. Corporate structure**

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

File(s) attached

## Section D: Applicant Technical Capacity

**D-1. Operations**

Power brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of electricity to retail customers.

Operations Description: Midwest Energy Inc. (Midwest) manages an energy procurement system that provides
commercial, industrial and institutional customers an efficient way to procure energy, taking advantage of commodity market volatility and leveraging Midwest' s energy

expertise. Midwest Energy Inc. technical staff creates a customize energy plan in concert with the customer. An RFP is created to secure energy supplies consistent with the customer's objectives. The customer realizes significant time and dollar savings using the Midwest platform. Only suppliers qualified by the state Department of Telecommunications & Energy and the local distribution company are allowed to submit bids to serve the customers' energy needs. Once a bid for gas or electricity that meets the customers' prespecified parameters is accepted, a transaction is executed.

**D-2. Operations Expertise & Key Technical Personnel**

Given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations. Include the names, titles, e-mail addresses, and background of key personnel involved in the operations of the applicant's business.
File(s) attached

Ohio | Public Utilities Commission

# Application Attachments

## A-14: SECRETARY OF STATE

UNITED STATES OF AMERICA

STATE OF OHIO

OFFICE OF THE SECRETARY OF STATE

*I, Frank LaRose, do hereby certify that I am the duly elected, qualified and present acting Secretary of State for the State of Ohio, and as such have custody of the records of Ohio and Foreign business entities; that said records show MIDWEST ENERGY, INC., an Illinois corporation, having qualified to do business within the State of Ohio on May 14, 2015 under License No. 2393613 is currently in GOOD STANDING upon the records of this office.*

*Witness my hand and the seal of the Secretary of State at Columbus, Ohio this 7th day of March, A.D. 2023.*

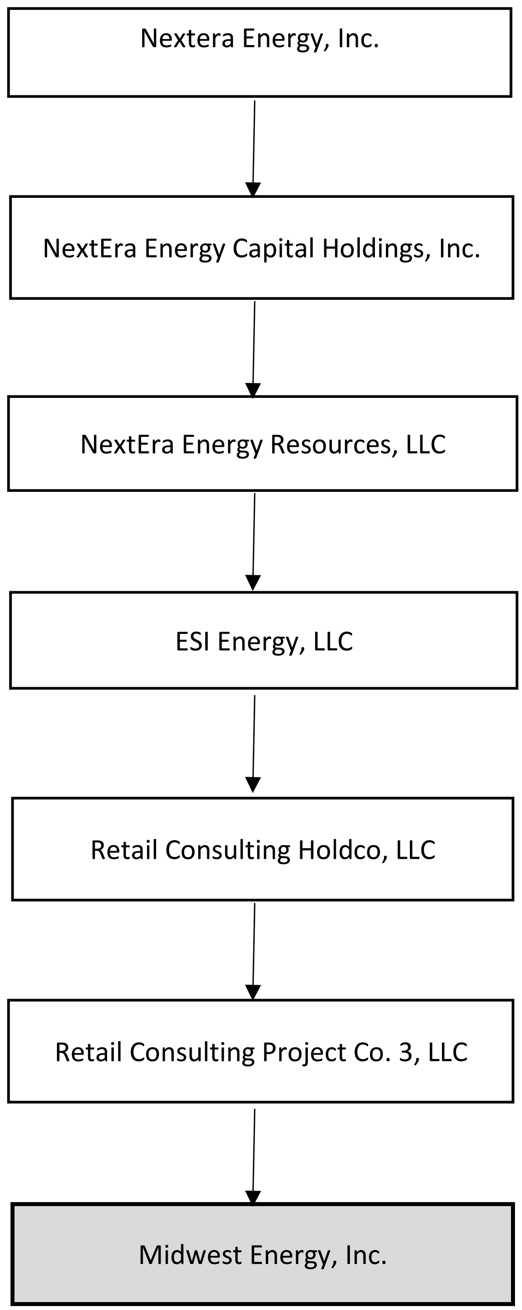
**Ohio Secretary of State**

**Validation Number: 202306604188**

## C-8: CORPORATE STRUCTURE

**Florida Power & Light Company**
**Frontier Utilities Northeast LLC**
**Frontier Utilities, LLC**
**Gexa Energy California, LLC**
**Gexa Energy, LP**
**NextEra Energy Services Connecticut, LLC**
**NextEra Energy Services Delaware, LLC**
**NextEra Energy Services District of Columbia, LLC**
**NextEra Energy Services Illinois, LLC**
**NextEra Energy Services Maine, LLC**
**NextEra Energy Services Maryland, LLC**
**NextEra Energy Services Massachusetts, LLC**
**NextEra Energy Services New Hampshire, LLC**
**NextEra Energy Services New Jersey, LLC**
**NextEra Energy Services New York, LLC**
**NextEra Energy Services Ohio, LLC**
**NextEra Energy Services Pennsylvania, LLC**
**NextEra Energy Services Rhode Island, LLC**
**Midwest Energy, Inc.**
**Premier Power Solutions, LLC**
**Usource, L.L.C.**
**NextEra Energy Marketing, LLC**

**Reflects organizational structure as of April 1, 2023**



## B-1: JURISDICTIONS OF OPERATION

**Midwest Energy, Inc. and affiliates operate in the following jurisdictions:**

| | |
|---|---|
| Alabama | Wholesale |
| California | Retail Electric & Wholesale |
| Colorado | Wholesale |
| Connecticut | Retail Electric & Wholesale |
| Delaware | Retail Electric & Wholesale |
| District of Columbia | Retail Electric |
| Florida* | Wholesale |
| Georgia | Wholesale |
| Illinois* | Retail Electric & Retail Natural Gas & Wholesale |
| Iowa | Wholesale |
| Kansas | Wholesale |
| Louisiana | Wholesale |
| Maine | Retail Electric & Wholesale |
| Maryland | Retail Electric & Retail Natural Gas & Wholesale |
| Massachusetts | Retail Electric & Retail Natural Gas & Wholesale |
| Michigan | Wholesale |
| Minnesota | Wholesale |
| Mississippi | Wholesale |
| New Hampshire | Retail Electric & Retail Natural Gas & Wholesale |
| New Jersey | Retail Electric & Retail Natural Gas & Wholesale |
| New York | Retail Electric & Wholesale |
| North Carolina | Wholesale |
| North Dakota | Wholesale |
| Ohio* | Retail Electric & Retail Natural Gas & Wholesale |
| Oklahoma | Wholesale |
| Oregon | Wholesale |
| Pennsylvania | Retail Electric & Retail Natural Gas & Wholesale |
| Rhode Island | Retail Electric & Wholesale |
| South Dakota | Wholesale |
| Texas* | Retail Electric |
| Vermont | Wholesale |
| Virginia* | Retail Electric |

- States that Midwest currently offer broker services.

## C-4: CREDIT RATING

The credit rating of NextEra Energy Inc., Midwest Energy, Inc.'s ultimate parent company, as reported by S&P and Moody's are attached.

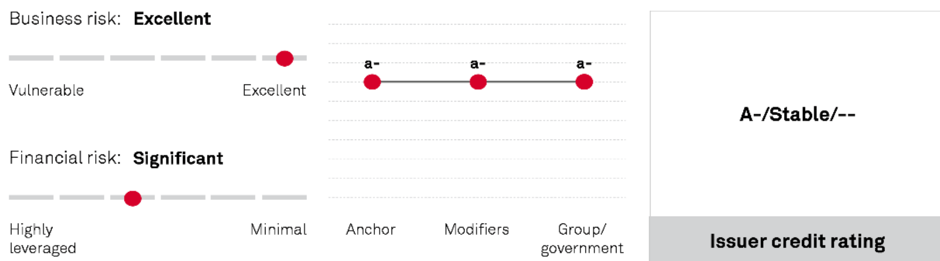
S&P Global
Ratings

RatingsDirect®

# NextEra Energy Inc.

November 14, 2022

## Ratings Score Snapshot





PRIMARY CONTACT

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RESEARCH CONTRIBUTOR

**Jesal K Gandhi**
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Mumbai


## Credit Highlights

### Overview

| Key strengths | Key risks |
| --- | --- |
| Large, lower-risk, regulated electric utility operations account for about 70% of consolidated EBITDA. | 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. |
| Above-average utility growth and proactive system hardening that reduces physical risks. | High capital spending leads to negative discretionary cash flow, which necessitates consistent capital market access. |
| Majority of the competitive businesses employ long-term contracts, which decreases their associated risk. | Minimal financial cushion given our expectation for funds from operations (FFO) to debt of generally 100 basis points above our downgrade threshold. |
| Management of regulatory and environmental, social, and governance risks is typically better than that of its peers. | |

**We assess NextEra Energy Inc. (NEE) as being in the very low end of the range for its business risk profile category because of its higher risk non-utility businesses, which account for about 30% of its consolidated EBITDA.** These 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. Despite these higher risks, we assess the company's comparable rating analysis modifier as neutral because we believe its financial measures are at the higher-end of the range for its financial risk profile category, which offsets the elevated credit risks in its business risk profile.

**We assess NEE's business risk profile as excellent.** This is predicated on the company's lower risk regulated utilities businesses, which benefit from its large, mostly residential and growing customer base that provides some stability to its cash flow. We assess Florida's regulatory construct as constructive because NEE benefits from forward-looking test years and various constructive regulatory mechanisms that provide for the timely recovery of its investments and fuel costs. We view the company's 2021 rate case settlement and order increasing its electric rates by about $690 million in 2022 and $560 million in 2023 as constructive because it will provide it with stable cash flow to support its robust capital spending program.

**We assess NEE's financial risk profile as significant.** This is in line with our expectation for a generally consistent financial performance with only a minimal financial cushion relative to our downgrade threshold. Historically, the company has faced a gradual weakening in its financial performance. In 2020, 2021, and for of the 12 months ended June 2022, NEE's funds from operations (FFO) to debt was 24.4%, 21.8%, and 21.0%, respectively. We expect the company will maintain its financial performance and FFO to debt of 20%-22% through 2024. NEE's capital spending remains robust, averaging more than $20 billion annually through 2024, which has led it to generate negative average discretionary cash flow of about $15 billion over this same timeframe. We expect the company will fund its growth in a balanced manner such that it maintains its credit quality.

**We expect the Inflation Reduction Act (IRA) will be credit supportive for NEE.** The long-term extension of production tax credits (PTC) and investment tax credits (ITC) for wind and solar and the expansion of tax credits for other renewable technologies (e.g., clean hydrogen) will provide the company with material long-term future funding streams, which will be partly offset by its external funding needs. Furthermore, we expect that the utility will pass on some of the benefits from the tax credits to its customers, which will somewhat reduce its bill pressure. The tax credit transferability provides NEE with the opportunity to more quickly monetize the tax credits its generates and at a lower cost. Furthermore, we believe the new minimum 15% tax, starting in 2023, will not have a material negative effect on the company's cash flow because the accelerated depreciation and tax credits allowed under the IRA will likely offset any material negative effects on its financial performance.

# Outlook

The stable outlook on NEE incorporates our view that it will continue to focus on expanding its regulated utility business and reducing the risks of its competitive businesses 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 in the higher end of its financial risk profile category, including FFO to debt of 20%-22% through 2024.

## 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 account for less than 70% of its consolidated EBITDA, or its FFO to debt declines and remains consistently below 20%. This could occur if the company unexpectedly increases its debt 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 26%. This could occur if the company reduces its reliance on debt leverage or decides to finance a future large acquisition or capital project mostly with equity.

# Our Base-Case Scenario

## Assumptions

- Annual EBITDA increases on rising rates at Florida Power & Light Co. (FP&L) and the expansion of its contracted and merchant generation assets;
- Capital expenditure averaging about $20 billion per year through 2024;
- Negative discretionary cash flow averaging about $15 billion annually through 2024;
- NEE funds its growth in a balanced manner through equity issuances, hybrid securities, asset recycling, tax credits, tax equity, and the use of recourse and nonrecourse debt; and
- All debt maturities are refinanced.

## Key metrics

**NextEra Energy Inc.--Key Metrics***

| | 2021a | 2022e | 2023f |
|---|---|---|---|
| FFO to debt (%) | 21.8 | 20-22 | 20-22 |
| Debt to EBITDA (x) | 4.0 | 3.8-4.3 | 3.8-4.3 |

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast. 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 business serves more than 5.7 million customers in Florida and has about 31,000 megawatts (MW) of electric generation, of which natural gas comprises about 70%. NEE's nonregulated 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-based and nuclear generation.

# Peer Comparison

**NextEra Energy Inc.--Peer Comparisons**

| | NextEra Energy Inc. | Sempra Energy | Berkshire Hathaway Energy Co. | Avangrid Inc. | Public Service Enterprise Group Inc. |
|---|---|---|---|---|---|
| Foreign currency issuer credit rating | A-/Stable/-- | BBB+/Negative/A-2 | A/Stable/A-1 | BBB+/Stable/A-2 | BBB+/Stable/A-2 |
| Local currency issuer credit rating | A-/Stable/-- | BBB+/Negative/A-2 | A/Stable/A-1 | BBB+/Stable/A-2 | BBB+/Stable/A-2 |
| Period | Annual | Annual | Annual | Annual | Annual |
| Period ending | 2021-12-31 | 2021-12-31 | 2021-12-31 | 2021-12-31 | 2021-12-31 |

## NextEra Energy Inc.--Peer Comparisons

| Mil. | $ | $ | $ | $ | $ |
|---|---|---|---|---|---|
| Revenue | 17,069 | 12,857 | 25,150 | 6,974 | 9,722 |
| EBITDA | 10,039 | 6,437 | 9,559 | 1,968 | 4,058 |
| Funds from operations (FFO) | 8,751 | 4,889 | 8,606 | 1,649 | 3,234 |
| Interest | 1,445 | 1,486 | 2,322 | 348 | 635 |
| Cash interest paid | 1,357 | 1,318 | 2,262 | 317 | 567 |
| Operating cash flow (OCF) | 6,865 | 3,863 | 8,632 | 1,537 | 1,766 |
| Capital expenditure | 15,921 | 4,972 | 6,547 | 2,943 | 2,808 |
| Free operating cash flow (FOCF) | (9,056) | (1,109) | 2,085 | (1,406) | (1,042) |
| Discretionary cash flow (DCF) | (12,253) | (2,880) | (503) | (2,062) | (2,073) |
| Cash and short-term investments | 639 | 559 | 1,096 | 1,474 | 818 |
| Gross available cash | 639 | 559 | 1,096 | 1,474 | 818 |
| Debt | 40,137 | 29,504 | 54,360 | 8,031 | 19,429 |
| Equity | 53,531 | 27,844 | 48,939 | 19,961 | 14,438 |
| EBITDA margin (%) | 58.8 | 50.1 | 38.0 | 28.2 | 41.7 |
| Return on capital (%) | 6.6 | 8.6 | 5.2 | 3.7 | 8.0 |
| EBITDA interest coverage (x) | 6.9 | 4.3 | 4.1 | 5.7 | 6.4 |
| FFO cash interest coverage (x) | 7.4 | 4.7 | 4.8 | 6.2 | 6.7 |
| Debt/EBITDA (x) | 4.0 | 4.6 | 5.7 | 4.1 | 4.8 |
| FFO/debt (%) | 21.8 | 16.6 | 15.8 | 20.5 | 16.6 |
| OCF/debt (%) | 17.1 | 13.1 | 15.9 | 19.1 | 9.1 |
| FOCF/debt (%) | (22.6) | (3.8) | 3.8 | (17.5) | (5.4) |
| DCF/debt (%) | (30.5) | (9.8) | (0.9) | (25.7) | (10.7) |

# Business Risk

Our assessment of the company's business risk profile reflects our expectation that the EBITDA contribution from its lower risk regulated utilities businesses will consistently account for about 70% of its consolidated EBITDA. Through its utility operations, NEE provides electric services to nearly 5.7 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. Despite the devastating effects of Hurricane Ian, which was the fifth strongest hurricane to make landfall in the continental U.S., the utility restored power to about two-thirds of its affected customers after the first day and to 100% of its customers in eight days. We view the company's management of regulatory risk as above average compared with its peers, which is demonstrated by its ability to consistently earn returns that are 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. However, we assess NEE as being at the very low end of the range for its business risk category because of its 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 (GHG) emissions, given its target of achieving real zero emissions by 2045. In addition, NEE's recent acquisition of a large portfolio of landfill gas-to-electric facilities and its announcement that it is planning to build a renewable natural gas production plant in Alabama demonstrate its longer-term commitment to implementing its Real Zero goals, including implementing green hydrogen solutions to further reduce its GHG emissions.

## Financial Risk

Our assessment of NEE's financial risk profile reflects our expectation for a modest weakening in its financial measures, primarily because of its robust capital spending. Specifically, we assume S&P Global Ratings-adjusted FFO to debt of about 20%-22% through 2024. The company's FFO to debt for 2021 was about 21%, which is in the higher end of the range for its financial risk profile category. NEE's capital spending remains robust, including about $16 billion in 2021, though we assume it will rise significantly and average about $20 billion annually through 2024.

We evaluate the company's financial measures using our medial-volatility benchmarks, which primarily reflect its low-risk utility operations and effective management of regulatory risk. We expect NEE's discretionary cash flow will remain negative and anticipate it will continue to depend on consistent access to the capital markets to fund its operations. Specifically, we expect its discretionary cash flow will average about -$15 billion annually through 2024 and assume it will fund its growth investments in a balanced manner. This includes the company's use of equity issuances, hybrid securities, asset recycling, tax credits, tax equity, and nonrecourse debt to support its credit quality. Overall, we expect NEE will maintain its financial measures, including FFO to debt at about 21% or generally about 100 basis points above our 20% downgrade threshold.

### NextEra Energy Inc.--Financial Summary

| Period ending | Dec-31-2016 | Dec-31-2017 | Dec-31-2018 | Dec-31-2019 | Dec-31-2020 | Dec-31-2021 |
|---|---|---|---|---|---|---|
| Reporting period | 2016a | 2017a | 2018a | 2019a | 2020a | 2021a |
| Display currency (mil.) | $ | $ | $ | $ | $ | $ |
| Revenues | 16,079 | 17,120 | 16,651 | 19,128 | 17,997 | 17,069 |
| EBITDA | 7,314 | 7,458 | 8,637 | 9,964 | 10,324 | 10,039 |
| Funds from operations (FFO) | 6,037 | 6,147 | 7,133 | 7,895 | 8,562 | 8,751 |
| Interest expense | 1,224 | 1,691 | 1,751 | 2,507 | 2,214 | 1,445 |
| Cash interest paid | 1,186 | 1,169 | 1,304 | 1,885 | 1,527 | 1,357 |
| Operating cash flow (OCF) | 5,906 | 5,861 | 5,811 | 7,765 | 7,664 | 6,865 |
| Capital expenditure | 9,514 | 10,637 | 12,804 | 17,275 | 14,391 | 15,921 |
| Free operating cash flow (FOCF) | (3,608) | (4,776) | (6,992) | (9,510) | (6,727) | (9,056) |
| Discretionary cash flow (DCF) | (5,355) | (6,746) | (9,204) | (12,069) | (9,738) | (12,253) |
| Cash and short-term investments | 1,292 | 1,714 | 638 | 600 | 1,105 | 639 |
| Gross available cash | 1,292 | 1,714 | 638 | 600 | 1,105 | 639 |
| Debt | 21,530 | 21,994 | 28,704 | 33,866 | 35,160 | 40,137 |
| Common equity | 29,261 | 33,426 | 41,109 | 45,669 | 52,776 | 53,531 |
| **Adjusted ratios** | | | | | | |
| EBITDA margin (%) | 45.5 | 43.6 | 51.9 | 52.1 | 57.4 | 58.8 |

## NextEra Energy Inc.--Financial Summary

| | | | | | | |
|---|---|---|---|---|---|---|
| Return on capital (%) | 9.7 | 10.2 | 7.5 | 6.9 | 5.0 | 6.6 |
| EBITDA interest coverage (x) | 6.0 | 4.4 | 4.9 | 4.0 | 4.7 | 6.9 |
| FFO cash interest coverage (x) | 6.1 | 6.3 | 6.5 | 5.2 | 6.6 | 7.4 |
| Debt/EBITDA (x) | 2.9 | 2.9 | 3.3 | 3.4 | 3.4 | 4.0 |
| FFO/debt (%) | 28.0 | 27.9 | 24.9 | 23.3 | 24.4 | 21.8 |
| OCF/debt (%) | 27.4 | 26.6 | 20.2 | 22.9 | 21.8 | 17.1 |
| FOCF/debt (%) | (16.8) | (21.7) | (24.4) | (28.1) | (19.1) | (22.6) |
| DCF/debt (%) | (24.9) | (30.7) | (32.1) | (35.6) | (27.7) | (30.5) |

## 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial year | Dec-31-2021 | | | | | | | | | |
| Company reported amounts | 54,827 | 37,202 | 17,069 | 6,837 | 2,913 | 1,270 | 10,039 | 7,553 | 3,024 | 16,077 |
| Cash taxes paid | - | - | - | - | - | - | 69 | - | - | - |
| Cash interest paid | - | - | - | - | - | - | (1,323) | - | - | - |
| Lease liabilities | 755 | - | - | - | - | - | - | - | - | - |
| Operating leases | - | - | - | 92 | 20 | 20 | (20) | 72 | - | - |
| Equity-like hybrids | (6,000) | 6,000 | - | - | - | (88) | 88 | 88 | 88 | - |
| Intermediate hybrids (debt) | (1,862) | 1,862 | - | - | - | (85) | 85 | 85 | 85 | - |
| Accessible cash and liquid investments | (639) | - | - | - | - | - | - | - | - | - |
| Capitalized interest | - | - | - | - | - | 184 | (184) | (184) | - | (184) |
| Share-based compensation expense | - | - | - | 138 | - | - | - | - | - | - |
| Dividends from equity investments | - | - | - | 526 | - | - | - | - | - | - |
| Power purchase agreements | 81 | - | - | 31 | 3 | 3 | (3) | 28 | - | 28 |
| Asset-retirement obligations | - | - | - | 141 | 141 | 141 | - | - | - | - |

### 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Nonoperating income (expense) | - | - | - | - | 938 | - | - | - | - | - |
| Noncontrolling/ minority interest | - | 8,467 | - | - | - | - | - | - | - | - |
| U.S. decommissioning fund contributions | - | - | - | - | - | - | - | (315) | - | - |
| Debt: other | (7,026) | - | - | - | - | - | - | - | - | - |
| EBITDA - Gain/(loss) on disposals of PP&E | - | - | - | (77) | (77) | - | - | - | - | - |
| EBITDA: Valuation gains/(losses) | - | - | - | 2,235 | 2,235 | - | - | - | - | - |
| EBITDA: other | - | - | - | 116 | 116 | - | - | - | - | - |
| D&A: other | - | - | - | - | (290) | - | - | - | - | - |
| OCF: other | - | - | - | - | - | - | - | (462) | - | - |
| Total adjustments | (14,691) | 16,329 | - | 3,202 | 3,085 | 175 | (1,288) | (688) | 172 | (156) |
| **S&P Global Ratings adjusted** | **Debt** | **Equity** | **Revenue** | **EBITDA** | **EBIT** | **Interest expense** | **Funds from Operations** | **Operating cash flow** | **Dividends** | **Capital expenditure** |
| | 40,137 | 53,531 | 17,069 | 10,039 | 5,998 | 1,445 | 8,751 | 6,865 | 3,196 | 15,921 |

## Liquidity

We view NEE's liquidity as adequate and more than sufficient to cover its needs for the next 12 months even if its EBITDA declines by 10%. Specifically, we expect the company's liquidity sources will be more than 1.1x its uses over the next 12 months. Under our stress scenario, we do not assume that NEE would require access to the capital markets to meet its liquidity needs. In addition, we believe the company has sound relationships with its banks and a satisfactory standing in the credit markets. We also anticipate it could absorb a high-impact, low-probability event with limited need for refinancing.

## Principal liquidity sources

- Estimated cash FFO of about $10 billion;
- Credit facility availability of about $14 billion; and
- Cash and liquid investments of about $2.5 billion as of Sept. 30, 2022.

## Principal liquidity uses

- Debt maturities, including outstanding commercial paper, of about $10 billion as of Sept. 30, 2022;
- Maintenance capital spending of less than $8 billion, which reflects its ability to scale back its planned capital expenditure, including its growth capital expenditure, in case of financial distress; and
- Dividends of about $3.4 billion.

# Environmental, Social, And Governance

### ESG Credit Indicators

| E-1 | E-2 | E-3 | E-4 | E-5 | S-1 | S-2 | S-3 | S-4 | S-5 | G-1 | G-2 | G-3 | G-4 | G-5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

| Environmental | Social | Governance |
|---|---|---|
| - Climate transition risk | - N/A | - Risk management, culture, and oversight |

N/A—Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

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% currently) 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 of these improvements will further strengthen its industry-leading CO2 intensity (CO2 emissions metric tons/gigawatts) score. Currently, the company's carbon intensity score is about 40% lower than that of its closest industry competitor. NEE's track record of effective strategic planning and its 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

- NEE's capital structure comprises about $65 billion of total debt, of which about $37 billion is outstanding at NextEra Energy Capital Holdings Inc. (NEECH), about $21 billion is outstanding at FP&L, and about $7 billion is outstanding at NextEra Energy Resources LLC.

## Analytical conclusions

- 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.
- We rate the unsecured debt at NEECH, which is guaranteed by NEE, one notch below our issuer credit rating because it ranks behind a significant amount of debt issued by subsidiaries in the capital structure.
- We rate the junior subordinated notes and hybrid equity units at NEECH two notches below our issuer credit rating, which incorporates one notch for their deferability and one notch for their subordination.
- We rate the commercial paper program at NEECH 'A-2' based on our issuer credit rating on the company.

## 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
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, 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
- 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 November 14, 2022)*

**NextEra Energy Inc.**

## Ratings Detail (as of November 14, 2022)*

| | | |
|---|---|---|
| Issuer Credit Rating | | A-/Stable/-- |
| Senior Unsecured | | BBB |
| **Issuer Credit Ratings History** | | |
| 11-Mar-2010 | *Foreign Currency* | A-/Stable/-- |
| 14-Jan-2010 | | A/Watch Neg/-- |
| 26-Oct-2006 | | A/Stable/-- |
| 11-Mar-2010 | *Local Currency* | 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 | | |
| *Local Currency* | | 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 | | |
| *Local Currency* | | 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.

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
28 July 2022

Update

Send Your Feedback

RATINGS

**NextEra Energy, Inc.**

| | |
|---|---|
| Domicile | Juno Beach, Florida, United States |
| Long Term Rating | Baa1 |
| Type | LT Issuer Rating - Dom Curr |
| Outlook | Stable |

*Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.*


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# NextEra Energy, Inc.

Update to credit analysis

## Summary


NextEra Energy, Inc.'s (NEE) credit profile reflects its industry leading positions in the regulated utility and renewable energy sectors as well as a typically solid financial profile. Its principal utility subsidiary, Florida Power and Light Company (FPL), is the foundation of NEE's credit quality and one of the largest and financially strongest regulated electric utilities in the US. FPL accounted for roughly 70% of NEE's consolidated EBITDA and accounts for the majority of NEE's regulated business. Most of NEE's remaining EBITDA is generated by NextEra Energy Resources LLC (NEER), which holds the largest private portfolio of renewable power projects in North America. NEER is the principal subsidiary of NextEra Energy Capital Holdings, Inc. (NEECH), an intermediate holding company of NEE and the principal debt financing vehicle for NEE's businesses outside of the Florida utility. NEER also owns a majority 54.7% stake in NextEra Energy Partners, LP (NEP), a yieldco that acquires, manages and owns long-term contracted clean energy projects and gas pipelines with stable cash flow.

NEE's credit quality also considers the company's typically solid financial profile which has weakened more recently, although we expect this to be temporary. For the 12-months ended 31 March 2022, NEE's consolidated ratio of cash flow from operations pre-working capital changes (CFO pre-W/C) to debt was 15.7%; lower than historical levels in the high teens. These weaker credit metrics are mainly attributed to substantial debt issuances in 2022 to fund elevated capital investments across the family and FPL's modestly weaker financial metrics compared to historical levels. This was largely due to FPL's extending its 2016 rate settlement agreement an additional year through 2021. FPL's recent rate case settlement agreement was approved in October 2021 with new rates effective January 2022. When taking a forward view and pro forma for debt reduction using proceeds from future equity unit conversions, we estimate NEE's ratio of CFO pre-W/C to debt would be about 16.7% including the proportional consolidation of NEP's results. With the benefits of base rate revenue increases at FPL driven by the supportive outcome of its latest rate case, some debt reduction and increasing cash flow generation from NEER's project growth, we expect NEE's consolidated ratio of CFO pre-W/C to debt to again reach the 17% - 18% range over the next few years.

NEE's credit is constrained by an elevated level of holding company debt, approximately 46% of consolidated debt, which includes the proportional consolidation of NEP's debt (roughly 42% of consolidated debt when allocating some parent debt to certain unlevered operating assets). NEE's percentage of holding company debt is one of the highest among regulated utility holding company peers. NEE is also exposed to extreme weather events such as hurricanes and tropical storms that periodically affect FPL's service territory, however the

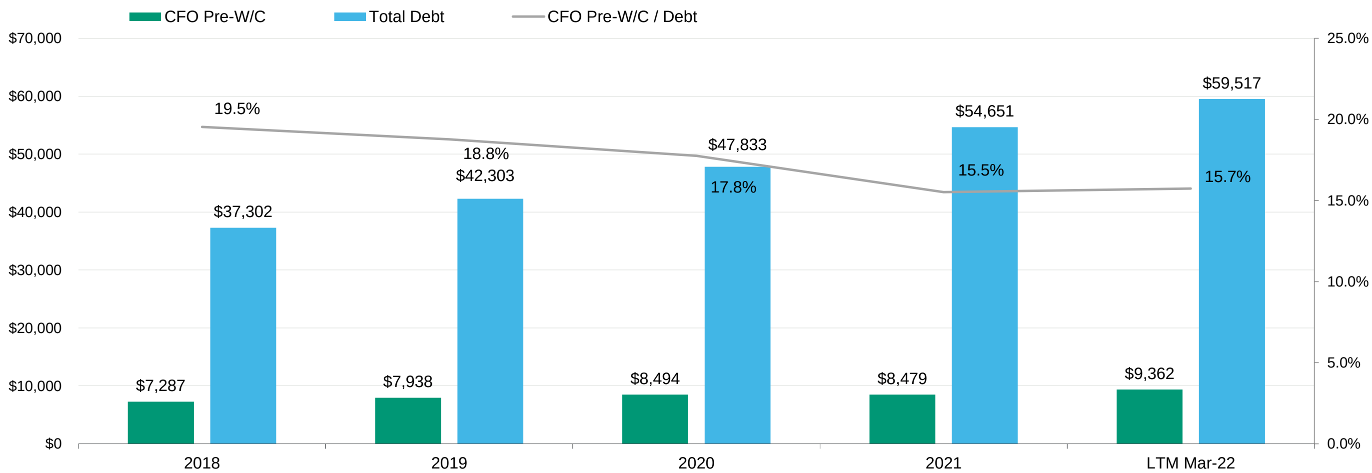
Florida regulatory and legislative environments have a history of credit supportiveness during and in the aftermath of such events.

### Recent developments

On 25 January, NEE announced the retirement of James Robo as the company's Chairman, President and Chief Executive Officer and his transition to Executive Chairman effective 1 March through 29 July. John Ketchum, previously the President and Chief Executive Officer of NEER succeeded Robo as President and Chief Executive Officer of NEE and will become Executive Chairman on 29 July. Simultaneous with the CEO change, effective 1 March, previous NEE Chief Financial Officer Rebecca Kujawa succeeded Ketchum as President and Chief Executive Officer of NEER. On the same date, T. Kirk Crews, previously NEE's Vice President, Business Management, succeeded Kujawa as Chief Financial Officer of NEE. NEE indicated that the management changes were part of the company's long-term succession plan.

Exhibit 1

**Historical CFO Pre-WC, Total Debt and ratio of CFO pre-W/C to Debt ($ MM)**




*Source: Moody's Financial Metrics*

## Credit strengths

» Large size and leading position in the regulated utility and renewable energy sectors

» FPL's strong credit quality is the foundation of NEE's credit profile

» Continued focus on growing regulated assets strengthens business risk profile

» NEER's higher risk profile mitigated by long-term power contracts largely with investment grade counterparties

» Financial metrics expected to improve and return to historical levels

## Credit challenges

» Holding company debt percentage is one of the highest in the sector, constraining the ratings of the corporate family

» Financial metrics are currently lower than historical levels

» Large annual negative free cash flow balances continue at NEECH due to ongoing elevated investment activities that require substantial debt financing

» Geographic concentration in Florida with high risk of storm events

» Aggressive acquisition appetite for primarily regulated assets; however limited number of deals executed historically

## Rating outlook

NEE's stable outlook reflects our expectation that FPL will continue to maintain a strong financial profile while operating within a highly supportive Florida regulatory environment; NEER's renewable asset portfolio will maintain its steady operating performance; major construction projects will be executed on time and within budget; and the company will continue to have strong access to the capital markets. The stable outlook considers our expectation that NEE's financial profile will strengthen such that key credit metrics will improve to levels maintained historically, including a ratio of CFO pre-W/C to debt of 17% and CFO pre-W/C less dividends to debt of roughly 10-11%. The stable outlook also incorporates our view that any M&A activity, if executed, will be financed in a manner that maintains a financial profile that supports current credit quality.

## Factors that could lead to an upgrade

An upgrade of NEE is unlikely in the near future due to the high percentage of holding company debt, elevated capital project investments financed with substantial debt, single state concentration of its principal utility exposed to extreme weather events, and the company's aggressive M&A appetite. Longer term, NEE could be upgraded if there is substantial debt reduction at NEECH such that the percentage of holding company debt declines substantially as a percentage of total debt and consolidated financial metrics improve such that NEE's ratio of CFO pre-W/C to debt is sustained above 20%.

## Factors that could lead to a downgrade

NEE could be downgraded if we expect its ratio of CFO pre-W/C to debt to be below 17% for an extended period. NEE could also be downgraded if the regulatory environment deteriorates in Florida, such that there delays in cost recovery; or there are adverse tax or environmental policy developments that negatively affect NEER's renewable energy business. A downgrade could occur if NEE's business risk profile deteriorates meaningfully or if its holding company level debt increases from current levels. A downgrade of FPL could lead to a downgrade of NEE, due to the importance of the utility to the parent.

## Key indicators

Exhibit 2

**NextEra Energy, Inc. [1]**

| | Dec-18 | Dec-19 | Dec-20 | Dec-21 | LTM Mar-22 |
|---|---|---|---|---|---|
| CFO Pre-W/C + Interest / Interest | 5.7x | 4.4x | 5.1x | 7.1x | 7.7x |
| CFO Pre-W/C / Debt | 19.5% | 18.8% | 17.8% | 15.5% | 15.7% |
| CFO Pre-W/C – Dividends / Debt | 13.8% | 12.9% | 11.9% | 9.9% | 10.4% |
| Debt / Capitalization | 44.9% | 45.4% | 47.1% | 49.9% | 52.8% |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
*Source: Moody's Financial Metrics*

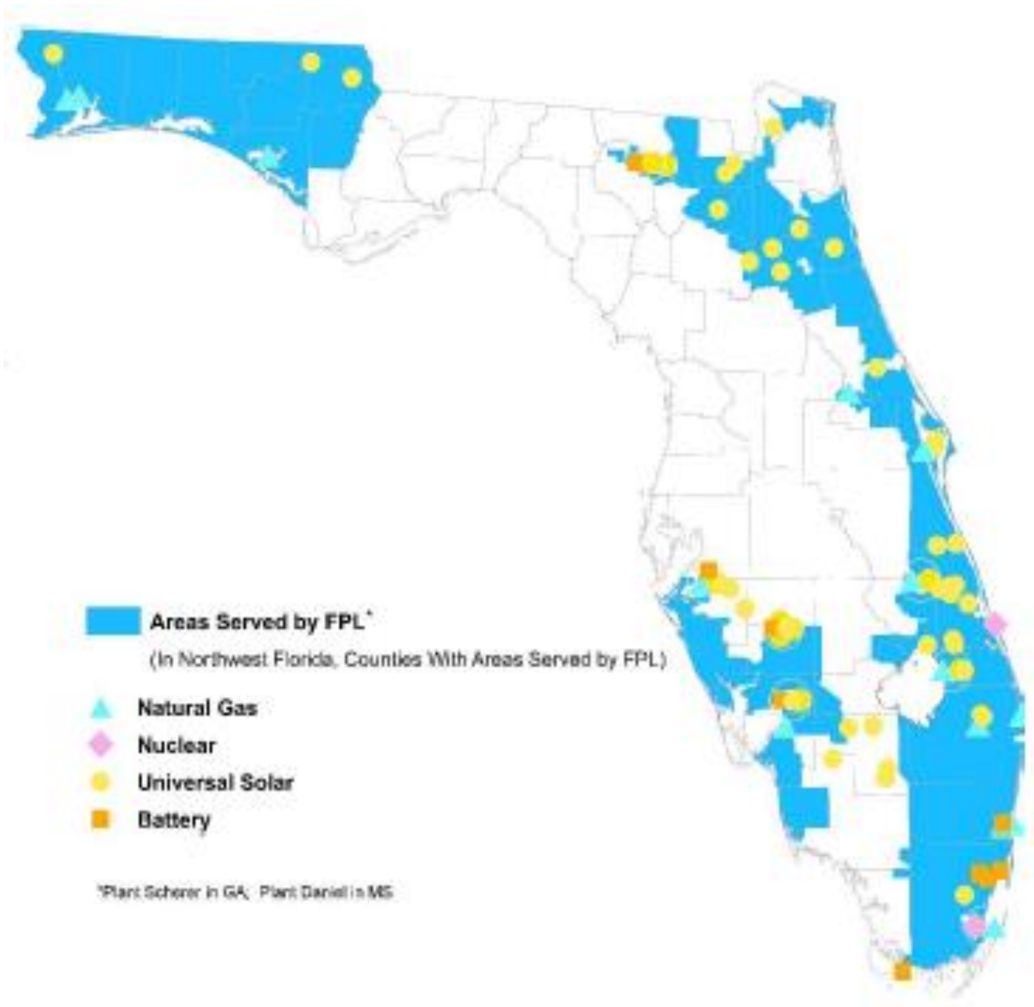
## Profile

Headquartered in Juno Beach, Florida, NextEra Energy, Inc. is one of the largest holding companies in our global regulated utility rated universe. NEE's principal operating utility, Florida Power & Light Company (FPL, A1 stable) is one of the largest vertically integrated regulated utilities in the US and serves 5.7 million customer accounts or an estimated 12 million residents across more than half of the state of Florida. FPL accounts for about 70% of NEE's consolidated EBITDA.

In January 2022, FPL completed its integration of Gulf Power, one year after the two companies legally merged into FPL after the Federal Energy Regulatory Commission (FERC) approved their merger application on 15 October 2020. In addition, within the recently approved settlement agreement, rates for FPL and legacy Gulf Power became unified. FPL continues as the surviving entity as Gulf Power will conduct business as FPL in its service territory. NEE acquired Gulf Power from The Southern Company (Southern, Baa2 stable) in January 2019 for approximately $5.75 billion, which included $4.35 billion in cash plus the assumption of approximately $1.4 billion of debt.

NEE is also the holding company of NextEra Energy Capital Holdings, Inc. (NEECH, Baa1 stable), which is the principal debt financing vehicle for the businesses outside of the Florida utility and an intermediate holding company of NextEra Energy Resources (NEER, unrated). NEER is an intermediate holding company for NEE's independent power projects as well as its ownership interests in natural gas pipelines, and through a subsidiary also has majority ownership interest (currently 54.7%) in the yieldco, NextEra Energy Partners, LP (NEP, Ba1 stable). NEER's other subsidiaries include NextEra Energy Transmission (NEET, unrated), which holds FERC regulated electric transmission assets. NEE has no debt of its own but provides an unconditional guarantee of debt that resides at NEECH.

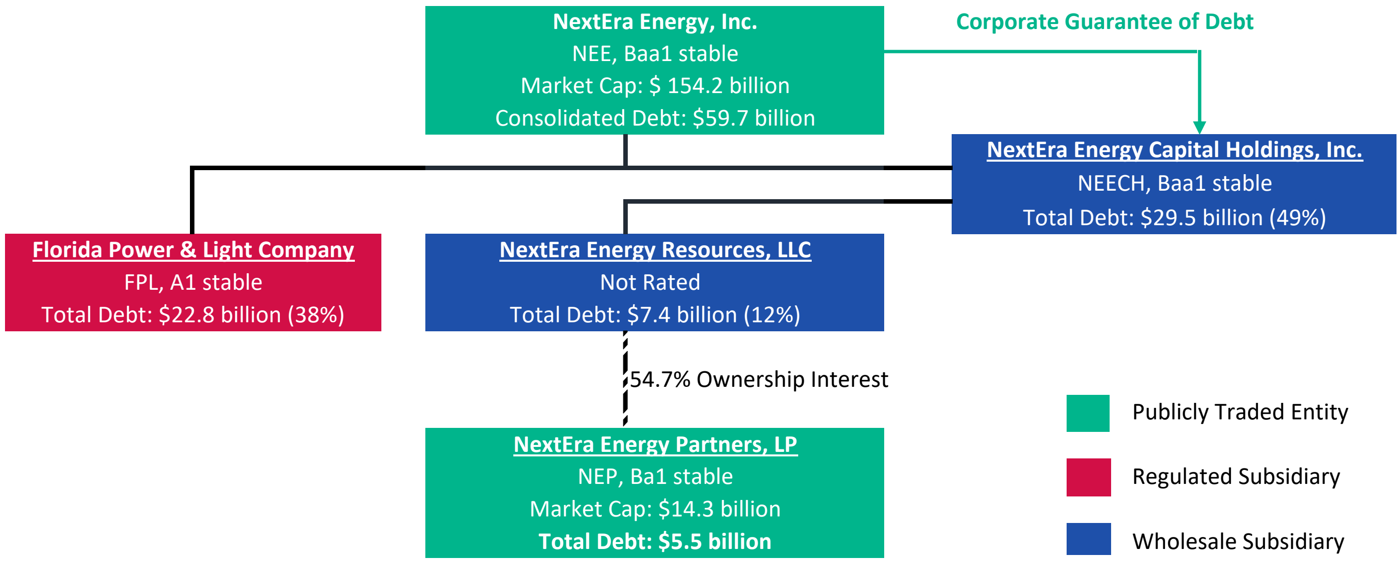
Exhibit 3
**Map of NEE's regulated utility service area**




*Source: Company presentations*

## Detailed credit considerations

Exhibit 4
**Organizational Chart**
**Debt amounts as reported**




Note: As of 31 March 2022; NEE Market Capitalization as of 8 June 2022; Gulf Power was legally merged into FPL on 1 January 2021 and is included in the FPL entity box.
*Source: Company Filings, Company Website*

### FPL's strong credit quality remains the foundation of NEE's credit profile

FPL is NEE's principal subsidiary and "crown jewel" as it is one of the financially strongest regulated electric utilities in the US, forming the foundation of NEE's credit quality. At the same time, FPL's geographic concentration in Florida exposes NEE to the state's economic cycles, weather events such as severe storms, and any significant changes to the political and regulatory environment. A rarity amongst US regulated electric utilities, FPL's growing population within its service territory generates organic sales and load growth, as well as new investment opportunities that provide steady rate base expansion with earnings and cash flow growth potential.

On 26 October 2021, the Florida Public Service Commission (FPSC) unanimously approved FPL's multiyear rate settlement agreement, based on a forward test year, approving an up to $1.5 billion base rate revenue increase over the four-year period 2022-25. The increase was premised on an allowed return on equity (ROE) of 10.6%, up from 10.55% previously, and the continuation of an equity ratio that FPL has consistently maintained at about 60%. The allowed ROE range is 9.7%-11.7%, which allows FPL to effectively earn up to an 11.7% return. The company has been able to achieve earned ROE's towards the upper end of its authorized ROE range through strong customer and sales growth as well as continued improvements in operating efficiency. The settlement included several key intervening parties consisting of the state's consumer advocacy group, the Florida Office of Public Counsel, the Florida Retail Federation, the Florida Industrial Power Users Group and the Southern Alliance for Clean Energy.

The multiyear base revenue increase included a $692 million increase on 1 January 2022 and a $560 million increase on 1 January 2023. FPL is also eligible to receive base rate increases for the addition of up to 894 megawatts annually of new solar generation through a solar base rate adjustment mechanism in each of 2024 and 2025, up to $140 million each year. The multistep nature of the rate increase mitigates some of the immediate rate effect on customers. The authorized revenue increase includes the majority of FPL's initial request filed by the company on 12 March 2021 for up to approximately $2 billion based on an allowed ROE of 11.5% and maintenance of its 60% equity ratio. The revenue increase supports FPL's long-term investments to upgrade its infrastructure, including for resiliency and grid hardening, in response to increasing occurrences of climate change related extreme weather events, such as hurricanes.

The regulatory environment for investor-owned utilities in Florida remains highly credit supportive. In its last several rate proceedings, FPL has been able to achieve multiyear rate settlements which provide a high degree of rate certainty and have supported the company's credit quality. They have included timely recovery of rate base investments, including generation, and grid hardening to combat extreme weather events, while also addressing the impacts of the 2017 federal tax reform and storm restoration costs, as needed, historically.

FPL earns the vast majority of its net income through its base rates but the 2021 rate settlement retained several cost recovery mechanisms that provide for adequate and timely cost recovery and returns on certain other investments. The company has experienced few disallowances and little regulatory lag in cost recovery. For example, its fuel and capacity clauses are adjusted annually based on expected fuel and purchased power prices and for prior period differences between projected and actual costs. FPL may also recover pre-construction costs and carrying charges for construction work-in-progress for capital expenditures. Additionally, FPL has an environmental cost recovery clause that is adjusted annually for capital spending and operating expenses related to emission controls.

The settlement agreement continued to include the utility's storm cost recovery provisions, which are important in Florida where hurricanes are prevalent. A SoBRA mechanism was also retained, which provides FPL the ability to increase base rates on a timely basis without a rate case for the addition of new solar generation assets. The revenue rate adjustment mechanism is similar to the Generation Base Rate Adjustment that allows for timely recovery of generation rate base investments like FPL's approximately $900 million Dania Beach power generation facility modernization project that commenced commercial operation in June 2022.

### Support from Florida's regulatory framework during severe storms is important to credit quality

Since utilities in Florida are vulnerable to storm and hurricane activity, the regulatory framework to address costs related to extreme weather events has been an important factor supporting FPL's credit quality during storm affected years. The company can and has petitioned for recovery of storm damage costs in excess of its storm reserve that is collected through a storm surcharge. Securitization legislation for the recovery of storm-related costs is also in place in Florida, if necessary.

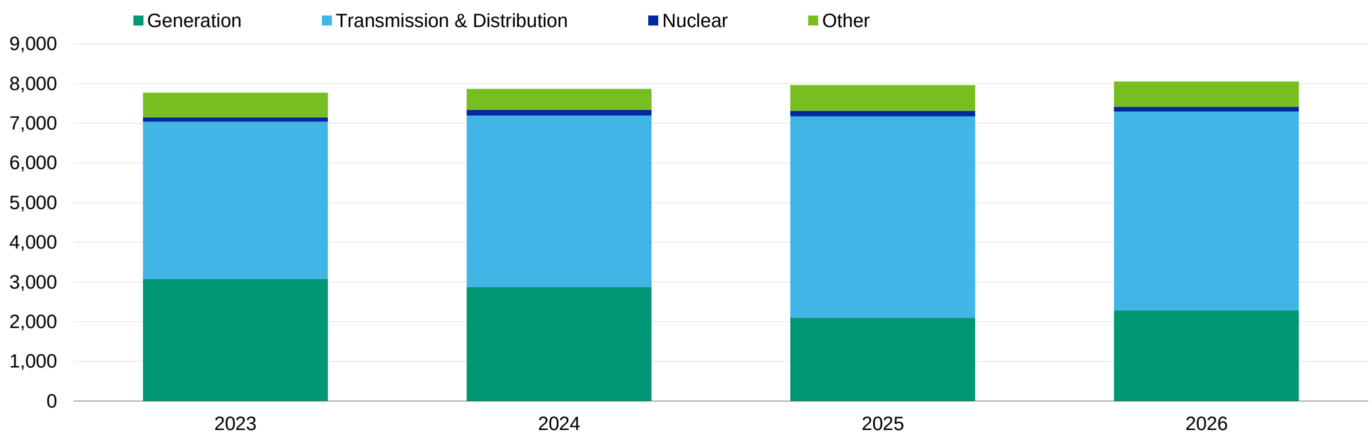
In late June 2019, the governor of Florida signed into law Senate Bill 796, which required investor-owned utilities (IOUs) to submit storm protection plans to the FPSC that detail how the IOUs will harden their grids and make them more resilient during extreme weather events like hurricanes. The law was credit positive for the state's utilities because it allows them to grow rate base through increased investments and obtain timely recovery, all in an effort to maintain customer reliability.

Following the legislation, in October 2019, the FPSC implemented a Storm Protection Plan (SPP) Cost Recovery Clause. The mechanism allows for the recovery of new transmission and distribution storm hardening investments not already included in base rates. This demonstrated that Florida regulators support proactive management of physical risks arising from climate change, which is expected to cause storms to be more frequent and powerful over the long term.

In August 2020, the FPSC approved FPL's storm protection plan, consisting of investments of about $10.2 billion to upgrade its grid infrastructure from 2020-2029, including about $5.1 billion for undergrounding power lines. FPL is spending approximately $3-4 billion in transmission and distribution storm hardening investments from 2020 - 2022 and obtaining timely recovery through the SPP recovery mechanism.

FPL expects to invest approximately $31.7 billion of new capital from 2023 - 2026. More than half of the $7-$8 billion spent annually over the next few years will be used towards continuing to update its transmission and distribution network including grid hardening and reliability investments. About 15% of the projected spending is earmarked for modernizing its existing generation portfolio by increasing its cleaner, more fuel-efficient power generation. Approximately 17% of the investments will go towards new generation capacity which will mainly be solar power.

Exhibit 5
**FPL's elevated capital expenditures continue to grow rate base and cash flow ($ Millions)**




*Source: Company Filings*

### Holding company leverage remains elevated and constrains the credit profile of the entire corporate family

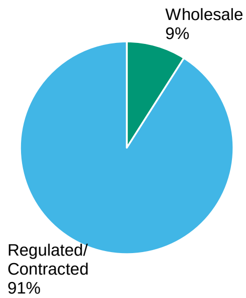
We estimate that NEE's holdco debt as a percentage of consolidated debt is currently about 46%, including the proportional consolidation of its ownership in NEP. When allocating some parent debt to certain unlevered nuclear generation assets, NEE's holdco debt percentage would be roughly 43% of consolidated debt. NEE's percentage of holding company debt is one of the highest within the regulated utility sector, and is a constraint on the credit quality of the entire corporate family. This holding company debt includes $6 billion of debentures related to equity units issued in 2019 and 2020. These securities trigger the mandatory issuance of new equity in three years from the time of issuance. As has been the case historically, we expect NEE to use the proceeds from the new equity to pay down holding company debt. When taking a forward view on the conversion of these equity units and assuming the company pays off debt with the proceeds as it has done historically with previous equity units, NEE's holdco debt would fall to approximately 36% of consolidated debt. We expect NEE's percentage of holding company debt to modestly and gradually decline over time.

Since the Gulf Power acquisition in 2019, NEE has continued to pursue utility acquisitions but has not made any material acquisitions since that time. NEE was one of 9 bidders for the Jacksonville Electric Authority (JEA, Aa2 stable), which has since terminated the bidding process for the sale of its electric and water/wastewater assets. In addition, NEE was one of a select list of bidders for the South Carolina Public Service Authority (Santee Cooper, A2 stable), which is no longer for sale. NEE withdrew its bid and the pursuit of Santee Cooper in early 2021 prior to the company ending its sale process. Since then, NEE has executed relatively small acquisitions of FERC regulated transmission assets including Trans Bay Cable LLC in 2019 and GridLiance Holdco (unrated) in 2020.

### NEER has a higher risk profile than FPL, although mitigated by long term contracts, and maintains strong growth potential

NEER, which accounts for roughly 30% of NEE's EBITDA, continues to increase the contracted portion, currently about 70%, of its large portfolio of renewable assets and expects to remain steady going forward. At the same time, NEE's regulated and contracted assets combined to account for about 92% of adjusted EBITDA in 2021.

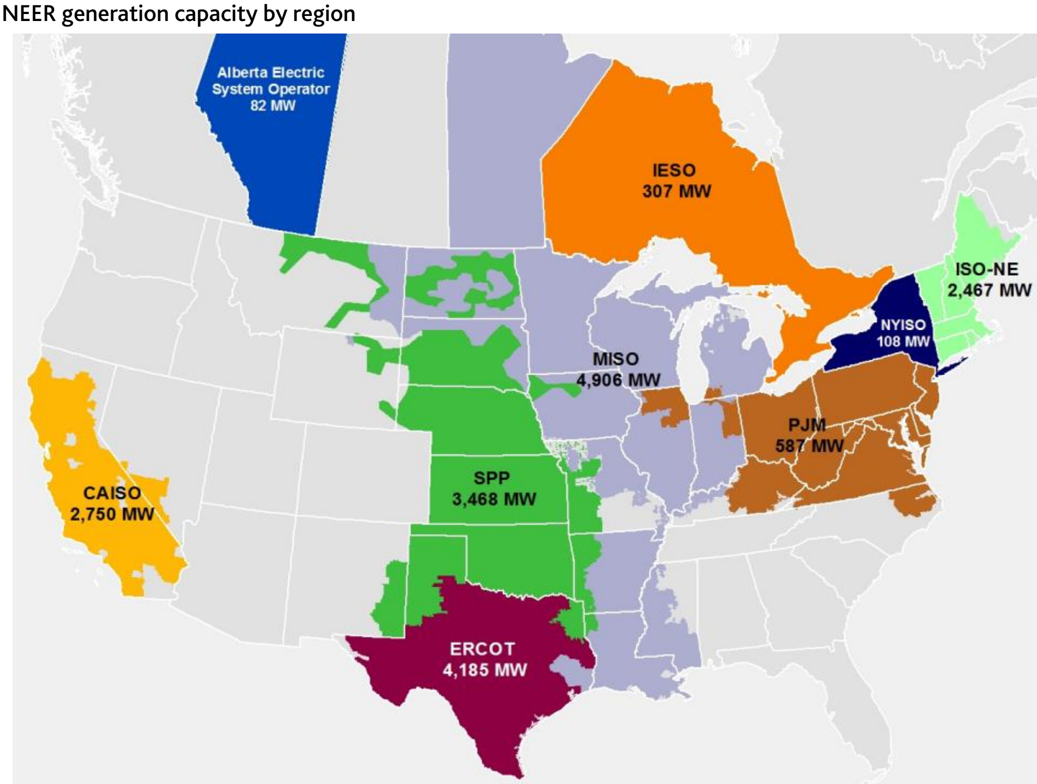
Exhibit 6
**NextEra's 2021 business mix based on adjusted EBITDA**




Regulated assets include FPL, FERC regulated transmission assets and pipelines.
*Source: Company Presentations*

NEER has a large, diverse portfolio of generation assets, and is the largest owner of wind and solar generation in North America. Strong demand for renewable energy provides NEER with growth opportunities to sell renewable power under long-term contracts, primarily to investment grade counterparties that are attracted to the generally low cost of renewable power, seeking to satisfy environmental mandates, make progress on carbon transition or meet customer preferences. Additionally, as the US, like other countries globally, continues to progress towards carbon free generation, renewable energy will continue to be in high demand. The long term revenue visibility from contracted, predominantly renewable assets, which entail no fuel risk or commodity price exposure, is in contrast to the typically higher risk associated with unregulated power companies that are exposed to wholesale merchant power sales as well as challenged coal and nuclear plants. Although NEER continues to invest heavily in development and project execution risk remains, NEER has a strong track record of completing projects on time and within budget.

Exhibit 7
**NEER generation capacity by region**




*Source: Company filings*

Although many utilities have met or are close to meeting their near-term renewable portfolio standards, utilities continue to increase their carbon reduction goals longer term. At the same time, NEER continues its efforts to contract with large high creditworthy corporations, further diversifying its customer base.

Earlier this year, NEE estimated that 2.1-2.8 GW of solar and storage projects the company planned to build in 2022 could be delayed to 2023 because a number of suppliers were not shipping solar panels to the US, pending a decision by the US Department of Commerce on solar panel tariffs. However, on 6 June, the Biden administration announced a 24-month tariff exemption for solar panel parts manufactured in four Southeast Asian countries that were the target of an anti-circumvention investigation into the importation of solar panels. The tariff exemption should give NEE greater visibility over the cost and completion of projects over the next two years, which may alleviate some or all of the expected delays. It is our understanding that none of NEE's solar panels have been subject to tariffs and all have been released from holding for shipment. The tariff exemption was in response to a Commerce Department investigation announced in March.

In late December 2020, the federal government passed a second stimulus package in response to the coronavirus pandemic. Among other things, the legislation extended tax credits related to solar and wind investment projects. The production tax credit (PTC) and investment tax credit (ITC) for onshore wind was extended one year to 2021 at 60% of the project's full value and the solar ITC at 26% was extended two years through 2025. The extension of tax credits, continuous technological improvements and reduced costs, as well as overall strong renewable demand, should continue to be positive for NEER's future business growth.

NEER's cash flow continues to increase as new generation capacity is constructed and long-term contracts are added. NEER generally manages the construction of renewable projects to make the most of the federal tax credits available. The company's capital expenditures remain elevated due to continued high demand for renewables. As such, NEER has grown its renewable capacity from approximately 16 GW in 2016 to approximately 25 GW in 2021.

Exhibit 8

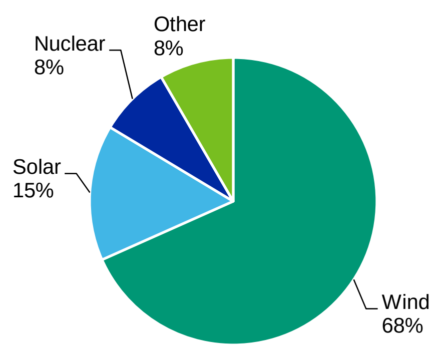
**NEER's development program remains elevated with over 21,000 MW in its backlog of signed contracts (MW)**

| | 2019-2020 in Service | 2021-2022 Signed Contracts [1] | 2021-2022 Expectations | 2023-2024 Signed Contracts | 2023-2024 Expectations | 2021-2024 Expectations |
|---|---|---|---|---|---|---|
| Wind | 3,805 | 5,326 | 3,700 - 4,400 | 2,583 | 2,250 - 3,500 | 5,950 - 7,900 |
| Solar | 1,466 | 3,927 | 4,800 - 5,600 | 6,296 | 7,000 - 8,800 | 11,800 - 14,400 |
| Energy Storage | 20 | 1,655 | 1,650 - 2,000 | 2,099 | 2,700 - 4,300 | 4,350 - 6,300 |
| Wind Repowering | 2,611 | 648 | 375 - 700 | - | 200 - 700 | 575 - 1,400 |
| Total | 7,902 | 11,556 | 10,525 - 12,700 | 10,978 | 12,150 - 17,300 | 22,675 - 30,000 |
| Build-Own-Transfer | 674 | 110 | | 690 | | |

[1] 2.1 GW to 2.8 GW of 2022 solar and storage projects may shift to 2023 due to circumvention investigation
*Source: Company Presentations*

Exhibit 9

**NEER's 31 March 2022 generation fuel mix based on MW (Includes NEP)**




As of March 31, 2022
*Source: Company website*

Gas pipelines and energy storage also contribute to the increase in NEER's capital investments. The company continues to make relatively modest but growing investments in energy storage, which is an emerging technology growth area in the renewable sector and continues to support further growth in wind and solar energy installations.

The $1.5 billion Sabal Trail (represents NEE's 42.5% ownership interest) and the related $500 million Florida Southeast Connection gas pipelines went into service in 2017. NEE has a 32% ownership interest in the approximately $6.2 billion Mountain Valley Pipeline (MVP), which continues to be delayed due to the pending receipt of certain state and federal permits. Similar to other gas pipeline construction projects, the MVP had experienced cost overruns and delays largely related to permitting and environmental concerns. The project is currently 94% constructed and there is a chance for additional costs to be incurred due to judicial decisions and regulatory changes. For 2021, NEE announced a $1.2 billion after-tax write down in the value of its investment in MVP due to the current legal and regulatory challenges involved with the pipeline construction, as well as the substantial delays in reaching commercial operation. On 2 February 2022, the court vacated and remanded another key permit, issued by U.S. Fish and Wildlife Service, and NEE subsequently announced an after-tax impairment charge of $607 million. As a result, NEE has completely written off its entire investment in MVP. We expect the pipeline's in-service date, if completed, to continue to be delayed as it faces ongoing challenges. MVP, if completed, and other FERC regulated pipelines in operation are expected to generate stable cash flow under long-term contracts and will help support NEE's overall credit metrics.

### Financial profile expected to improve and return to historical levels

For the 12-month period ended 31 March 2022, NEE's ratio of CFO pre-W/C to debt was 15.7% which is lower than its average of 17.3% for the 3-year period ending 2021. NEE's weaker financial profile, which we expect to be temporary, is mainly attributed to substantial debt issuances in 2021 to fund elevated capital investments across the family and modestly weaker credit metrics compared to historical levels at FPL. While FPL's financial profile is still strong, the utility's financial metric deterioration was largely due to FPL extending its 2016 rate settlement an additional year through 2021.

Included in parent debt is $6 billion of debentures related to equity units issued in September 2019, February 2020 and September 2020. These securities trigger the mandatory issuance of equity three years from issuance and NEE has historically used the proceeds from the new equity to reduce a like amount of holding company debt. When taking a forward view and pro forma for debt reduction using proceeds received from future equity unit conversions, we estimate NEE's ratio of CFO pre-W/C to debt would be about 17.5%. At the same time, when including the proportional consolidation of NEP's financial results, NEE's pro forma ratio of CFO pre-W/C to debt would be about 16.7%. When factoring in the additional revenue and cash flow from FPL's recent rate case as well as increasing cash flow generation from NEER project growth, we expect NEE's consolidated ratio of CFO pre-W/C to debt to be in the 17% - 18% range over the next few years. In addition, we expect that NEE will continue to manage its balance sheet in a manner that maintains a financial profile that supports its current credit quality.

In our credit analysis of NEE, we assess the company's credit metrics on a consolidated basis, including project level debt, whether that debt is recourse or not. This consolidated approach reflects our view that project cash flows are a critical component of the company's renewable business model and, as a result, project level debt should be aligned with associated cash flows received from projects.

NEE's relatively high percentage of holding company debt, approximately 46% of consolidated debt including the proportional consolidation of NEP's debt, and its higher risk, albeit heavily contracted, unregulated business are incorporated into our credit analysis. When allocating some parent debt to certain unlevered nuclear operating assets, holding company debt is still high at about 43% of consolidated debt. These factors constrain the credit profile of the entire corporate family and this is reflected in the relatively wide, three notch differential between the ratings of NEE and its principal utility subsidiary, FPL.

## ESG considerations

### NEE's ESG Credit Impact Score is CIS-3 (Moderately Negative)

Exhibit 10
**ESG Credit Impact Score**

CIS-3
**Moderately Negative**

NEGATIVE IMPACT

POSITIVE IMPACT

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

*Source: Moody's Investors Service*

NEE's ESG Credit Impact Score is moderately negative (**CIS-3**) because its ESG attributes are considered as having an overall limited impact on the current rating, with potential for future negative impact over time. NEE's credit impact score reflects highly negative environmental risk, along with moderately negative social risk and neutral-to-low governance risk.

Exhibit 11
**ESG Issuer Profile Scores**

| ENVIRONMENTAL | SOCIAL | GOVERNANCE |
|---|---|---|
| E-4 | S-3 | G-2 |
| **Highly Negative** | **Moderately Negative** | **Neutral-to-Low** |

*Source: Moody's Investors Service*

#### Environmental
NEE's highly negative environmental risk (**E-4** issuer profile score) largely reflects high physical climate risks resulting from hurricanes and tropical storms in its core Florida market. NEE's carbon transition risk is neutral-to-low as it has a diverse portfolio of generation with minimal coal and growing renewable energy resources. The company's nuclear generation fleet adds risks of waste management and pollution. While NEE has not had any problems with its nuclear fleet or nuclear waste to date, it remains an inherent risk for nuclear operators in the industry. The fossil fuel generation is balanced by NEER's ownership of the largest portfolio of renewable power projects in North America.

#### Social
NEE's exposure to social risks is moderately negative (**S-3** issuer profile score) as the operation of nuclear generation heightens the risk of responsible production, while demographics and societal trends may increase public concern over environmental, social, or affordability issues that could lead to adverse regulatory or political intervention. NEE's social risks are somewhat offset by FPL's low customer rates that are approximately 27% below the national average, strong customer and load growth as well as the robust and independent regulatory framework in which it operates. The regulatory framework provides strong assurance that the company will be able to recover storm costs from customers, even where these can be politically controversial.

#### Governance
NEE's governance is broadly in line with other utilities and does not pose particular risk (**G-2** issuer profile). This is supported by neutral-to-low risk scores on financial strategy and risk management, management credibility and track record, and compliance and

reporting; despite a relatively low number of independent directors and additional organizational complexity with its majority-owned affiliate, NEP.

ESG Issuer Profile Scores and Credit Impact Scores for NEE are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for NEE on MDC and view the ESG Scores section.

## Additional ESG considerations

NEE is strongly positioned for carbon transition within the utility sector because of its minimal coal exposure and substantial ownership of modernized and efficient natural gas-fired generation assets. In June, NEE announced its Real Zero decarbonization plan with the goal to be completely carbon emissions-free by no later than 2045. NEE has reduce its carbon dioxide emissions rate for decades, and as of 2021 has achieved a 58% reduction, compared to a 2005 adjusted baseline.

NEE's limited coal exposure relates to Gulf Power's 25% share of Scherer Unit 3 (215 MW); and 50% ownership of the Daniel coal plant in Mississippi (500 MW), expected to be retired by January 2024. FPL previously owned approximately 75% of Unit 4 (634 MW) of the Plant Scherer coal facility in Georgia but that unit was retired in December 2021.

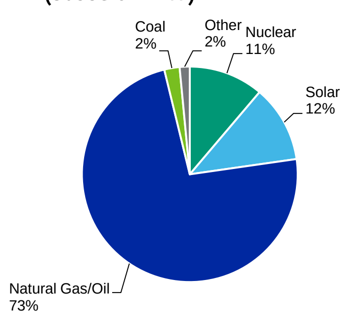
NEE, including FPL and proportional consolidation of NEP, owns approximately 24 GW of natural gas generation out of a total owned generation capacity of approximately 56 GW. NEE continues to invest in renewable energy, including at FPL where solar generation assets are typically included in rate base and in rates on a timely basis through the SoBRA cost recovery mechanism.

As part of NEE's Real Zero goal, FPL would accelerate the transformation of its generation mix, reaching 36% decarbonization by 2025; 52% by 2030; 62% by 2035; 83% by 2040; and culminating in 100% decarbonization by no later than 2045.

As of 31 March 2022, approximately 12% of FPL's (combined with Gulf Power) approximately 31,300 MW of total capacity was solar. As part of its Real Zero decarbonization plan, FPL is projecting an increase its solar capacity to over 90,000 MW by no later than 2045, which equates to adding slightly less than 4,000 MW of solar per year. In its 2021 rate case settlement, FPL is authorized to implement solar base rate adjustments with the commercial operation of up to 1,788 megawatts of solar generation projects to be constructed in 2024 and 2025, subject to a cap on installed costs of $1,250 per kilowatt.

FPL continues to grow its portfolio of solar power plants as part of the company's “30-by-30” plan to install 30 million solar panels by 2030, which the company expects to complete by 2025. In addition, in March 2020, the FPSC unanimously approved FPL's “SolarTogether” initiative, which allows customers to source up to 100% of their energy from solar and receive monthly bill credits, net of subscription fees. With the authorization to build an additional 1,788 MW, granted as part of FPL’s 2021 rate case settlement agreement, FPL's total SolarTogether capacity adds up to 3,278 MW.

Exhibit 12
**FPL electricity generation by fuel mix (based on MW)**




As of March 31, 2022
*Source: Company website*

As mentioned above, NEE's regulated utility service territories are along the coasts of Florida, making them vulnerable to storm related event risk. As such, regulatory treatment to address storm costs has and will continue to be an important factor supporting the credit quality of FPL, particularly since climate change is expected to make storms more severe and more frequent. Securitization legislation for the recovery of excessive storm-related costs is also in place in Florida, although FPL has not pursued securitization financing for storm costs in recent years. We expect FPL will have to deal with severe storm activity periodically going forward and continued favorable regulatory treatment will be important in supporting credit quality.

## Liquidity analysis

NEE's corporate family of companies have sufficient liquidity, with FPL maintaining the strongest liquidity profile, primarily due to its robust cash flow generation and strong access to the capital markets. As has been the case historically, NEECH's liquidity is somewhat constrained as NEER continues a significant capital investment program, with the need to repay/refinance a substantial amount of maturing debt periodically, and the potential for material contingent calls related to its hedging and marketing activities. However, NEECH has demonstrated an ability to manage its liquidity profile effectively, primarily through strong access to bank and debt capital markets.

For the 12-months ended 31 March 2022, FPL's cash flow from operations was $5.6 billion compared to capital expenditures of $8.2 billion, which remains elevated largely driven by spending on transmission and distribution infrastructure, existing generation asset upgrades, and new solar generation investments. The shortfall in funding capital investments using internally generated cash flow was supplemented by short and long-term borrowings as well as capital contributions from its parent. Going forward, we expect FPL will largely fund its capital investments using internally generated cash flow and any shortfalls will be supplemented with debt borrowings and equity contributions from its parent in a balanced manner in order to maintain its targeted capital structure.

As of 31 March 2022, FPL had net available liquidity of about $2.8 billion, which included $4.6 billion of bank revolving line of credit facilities that also backstop its commercial paper (CP) program which had $1.8 billion of CP outstanding. The utility had full availability of its $780 million of bilateral revolving credit facilities and $52 million of cash and cash equivalents on hand. Owing to its strong credit profile, FPL maintains strong access to the capital markets which typically allows the utility to easily refinance its debt maturities. Commitments under the core revolver are laddered, with the vast majority terminating in 2027. FPL's credit facilities do not contain a material adverse change clause for new borrowings. The next largest debt maturity at FPL is $300 million of term loans maturing in September 2022 followed by $500 million of first mortgage bonds maturing in June 2023.

NEECH's liquidity profile is impacted by NEER's elevated capital investment program, particularly strong growth and development of new renewable power projects, which typically results in substantial negative free cash flow. Its negative free cash flow position has ranged from roughly $3 billion to more than $8 billion over the last five years. For the LTM 31 March 2022, NEECH's cash flow from operations was $2.6 billion compared to capital expenditures of $7.4 billion and dividends of $0.6 billion. As has been the case, NEECH managed to finance the resulting negative free cash flow of about $5.4 billion through a combination of project finance debt, tax equity, recycling of capital through asset sales and long-term debt issuances.

As of 31 March 2022, NEECH had $7.4 billion of net available liquidity, which included $1.4 billion of cash; $7.5 billion of availability on its revolving credit facilities, net of about $1.4 billion of commercial paper borrowings; and full availability on $3.1 billion of bilateral revolving credit facilities. NEECH’s nearly $5.3 billion bank revolving line of credit facility backstops its CP program. As with FPL’s core revolvers, the commitments are laddered, with the vast majority terminating in 2027. This facility does not contain a material adverse change clause on new borrowings. NextEra's next significant debt maturity is a $2 billion debenture at NEECH that will mature in March 2023.

## Rating methodology and scorecard factor

Exhibit 13
Methodology Scorecard Factors
NextEra Energy, Inc.

| Regulated Electric and Gas Utilities Industry Scorecard [1][2] | Current LTM 3/31/2022 | | Moody's 12-18 Month Forward View As of Date Published [3] | |
|---|---|---|---|---|
| **Factor 1 : Regulatory Framework (25%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Legislative and Judicial Underpinnings of the Regulatory Framework | A | A | A | A |
| b) Consistency and Predictability of Regulation | Aa | Aa | Aa | Aa |
| **Factor 2 : Ability to Recover Costs and Earn Returns (25%)** | | | | |
| a) Timeliness of Recovery of Operating and Capital Costs | A | A | A | A |
| b) Sufficiency of Rates and Returns | A | A | A | A |
| **Factor 3 : Diversification (10%)** | | | | |
| a) Market Position | Aa | Aa | Aa | Aa |
| b) Generation and Fuel Diversity | A | A | A | A |
| **Factor 4 : Financial Strength (40%)** | | | | |
| a) CFO pre-WC + Interest / Interest (3 Year Avg) | 6.0x | A | 6x - 6.5x | Aa |
| b) CFO pre-WC / Debt (3 Year Avg) | 16.0% | Baa | 17% - 18% | Baa |
| c) CFO pre-WC – Dividends / Debt (3 Year Avg) | 10.7% | Baa | 10% - 11% | Baa |
| d) Debt / Capitalization (3 Year Avg) | 50.2% | Baa | 48% - 51% | Baa |
| **Rating:** | | | | |
| Scorecard-Indicated Outcome Before Notching Adjustment | | A2 | | A2 |
| HoldCo Structural Subordination Notching | | -2 | | -2 |
| a) Scorecard-Indicated Outcome | | Baa1 | | Baa1 |
| b) Actual Rating Assigned | | (P)Baa1 | | (P)Baa1 |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 3/31/2022(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
*Source: Moody's Financial Metrics*

# Appendix

Exhibit 14

## Cash Flow and Credit Metrics [1]

| CF Metrics | Dec-18 | Dec-19 | Dec-20 | Dec-21 | LTM Mar-22 |
|---|---|---|---|---|---|
| As Adjusted | | | | | |
| **FFO** | **7,424** | **7,800** | **8,728** | **8,751** | **9,558** |
| +/- Other | -137 | 138 | -234 | -272 | -196 |
| **CFO Pre-WC** | **7,287** | **7,938** | **8,494** | **8,479** | **9,362** |
| +/- ΔWC | -693 | 214 | -560 | -951 | -1,164 |
| **CFO** | **6,594** | **8,152** | **7,934** | **7,528** | **8,198** |
| - Div | 2,144 | 2,468 | 2,787 | 3,066 | 3,147 |
| - Capex | 12,910 | 12,234 | 13,504 | 15,228 | 15,546 |
| **FCF** | **-8,460** | **-6,550** | **-8,358** | **-10,766** | **-10,495** |
| | | | | | |
| (CFO Pre-W/C) / Debt | 19.5% | 18.8% | 17.8% | 15.5% | 15.7% |
| (CFO Pre-W/C - Dividends) / Debt | 13.8% | 12.9% | 11.9% | 9.9% | 10.4% |
| FFO / Debt | 19.9% | 18.4% | 18.2% | 16.0% | 16.1% |
| RCF / Debt | 14.2% | 12.6% | 12.4% | 10.4% | 10.8% |
| | | | | | |
| Revenue | 16,727 | 19,204 | 17,997 | 17,069 | 16,233 |
| Interest Expense | 1,549 | 2,343 | 2,094 | 1,387 | 1,387 |
| Net Income | 3,122 | 3,084 | 2,397 | 3,267 | 1,156 |
| Total Assets | 103,608 | 117,556 | 127,516 | 140,773 | 144,806 |
| Total Liabilities | 68,987 | 79,892 | 90,212 | 102,764 | 108,112 |
| Total Equity | 34,621 | 37,664 | 37,304 | 38,009 | 36,694 |

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months
*Source: Moody's Financial Metrics*

Exhibit 15

## Peer Comparison Table [1]

| | NextEra Energy, Inc. (P)Baa1 (Stable) | | | Berkshire Hathaway Energy Company A3 (Stable) | | | Duke Energy Corporation Baa2 (Stable) | | | Sempra Energy Baa2 (Stable) | | | Dominion Energy, Inc. Baa2 (Stable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In US millions) | FYE Dec-20 | FYE Dec-21 | LTM Mar-22 | FYE Dec-20 | FYE Dec-21 | LTM Mar-22 | FYE Dec-20 | FYE Dec-21 | LTM Mar-22 | FYE Dec-20 | FYE Dec-21 | LTM Mar-22 | FYE Dec-20 | FYE Dec-21 | LTM Mar-22 |
| Revenue | 17,997 | 17,069 | 16,233 | 20,952 | 25,150 | 25,099 | 23,868 | 25,097 | 26,079 | 11,370 | 12,857 | 13,418 | 14,172 | 13,964 | 14,373 |
| CFO Pre-W/C | 8,494 | 8,479 | 9,362 | 7,323 | 8,541 | 8,488 | 9,407 | 9,941 | 10,255 | 4,283 | 2,909 | 2,780 | 5,301 | 5,063 | 4,967 |
| Total Debt | 47,833 | 54,651 | 59,517 | 55,406 | 53,822 | 53,805 | 63,702 | 69,474 | 71,677 | 25,995 | 25,844 | 28,094 | 39,347 | 42,118 | 43,294 |
| CFO Pre-W/C + Interest / Interest | 5.1x | 7.1x | 7.7x | 4.7x | 5.0x | 5.0x | 5.1x | 5.2x | 5.2x | 4.3x | 3.2x | 3.1x | 4.3x | 4.2x | 3.9x |
| CFO Pre-W/C / Debt | 17.8% | 15.5% | 15.7% | 13.2% | 15.9% | 15.8% | 14.8% | 14.3% | 14.3% | 16.5% | 11.3% | 9.9% | 13.5% | 12.0% | 11.5% |
| CFO Pre-W/C – Dividends / Debt | 11.9% | 9.9% | 10.4% | 13.0% | 14.8% | 14.7% | 10.4% | 9.9% | 10.0% | 10.7% | 4.9% | 3.8% | 6.3% | 7.3% | 6.8% |
| Debt / Capitalization | 47.1% | 49.9% | 52.8% | 49.3% | 46.2% | 46.3% | 52.5% | 53.7% | 54.4% | 48.6% | 45.6% | 47.2% | 55.2% | 54.9% | 55.3% |

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
*Source: Moody's Financial Metrics*

## Ratings

Exhibit 16

| Category | Moody's Rating |
|---|---|
| **NEXTERA ENERGY, INC.** | |
| Outlook | Stable |
| Issuer Rating | Baa1 |
| Senior Unsecured Shelf | (P)Baa1 |
| Jr Subordinate Shelf | (P)Baa2 |
| Pref. Shelf | (P)Baa3 |
| **TRANS BAY CABLE LLC** | |
| Outlook | Stable |
| Issuer Rating | Baa2 |
| **NEXTERA ENERGY CAPITAL HOLDINGS, INC.** | |
| Outlook | Stable |
| Senior Unsecured | Baa1 |
| Bkd Jr Subordinate | Baa2 |
| BACKED Pref. Shelf | (P)Baa3 |
| Commercial Paper | P-2 |
| **FLORIDA POWER & LIGHT COMPANY** | |
| Outlook | Stable |
| Issuer Rating | A1 |
| First Mortgage Bonds | Aa2 |
| Senior Secured | Aa2 |
| Senior Unsecured | A1 |
| Commercial Paper | P-1 |
| Other Short Term | VMIG 1 |
| **NEXTERA ENERGY OPERATING PARTNERS, LP** | |
| Outlook | Stable |
| Bkd Senior Unsecured | Ba1/LGD4 |
| **GULF POWER COMPANY** | |
| Outlook | No Outlook |
| Issuer Rating | A1 |
| Senior Unsecured | A1 |
| Commercial Paper | P-1 |
| **NEXTERA ENERGY PARTNERS, LP** | |
| Outlook | Stable |
| Corporate Family Rating | Ba1 |
| Speculative Grade Liquidity | SGL-2 |

*Source: Moody's Investors Service*

REPORT NUMBER 1331186

MOODY'S
INVESTORS SERVICE

## D-2: Operations Expertise and Key Personnel

Our clients consider Midwest Energy a trusted energy advisor, helping them manage, monitor, and reduce electricity and natural gas costs. We accomplish this by leveraging proprietary technology combined with deep market expertise to secure for our clients the best energy pricing available in all deregulated markets.

We manage a substantial volume of energy with efficiencies that enable suppliers to offer their lowest price. Additionally, Midwest Energy has substantial financial strength as a wholly owned subsidiary of NextEra Energy, Inc.

Our commitment is to our clients-the energy users-in commanding the best possible deals from energy suppliers. We invite all reputable suppliers to bid as completely unbiased mediators. Our one-chance bid model makes suppliers compete harder for our clients' business. Our clients understand this value as Midwest Energy enjoys a client retention rate in excess of 90 percent.

Midwest Energy strives to provide its clients with the timeliest market intelligence, gathered and interpreted by a dedicated team of experts whose only job is to help clients get the best contract from the market. Our ability to help clients navigate the complexities of the energy commodity market free our clients to focus on more mission-critical activities within their organization.

Midwest Energy offers more than just energy procurement. Midwest Energy clients can navigate the full life cycle of energy use and impacts across their entire organization. This range of additional service offerings give our clients confidence knowing that we can truly deliver a comprehensive energy management strategy. Our additional capabilities include energy bill management, demand-response, energy efficiency, renewable energy credits, carbon offsets, and power quality and rate analysis.

### KEY PERSONNEL

**Scott MacDonald- Managing Director**

Scott has more than 20 years of experience in the energy industry. He has an extensive knowledge of energy market strategy, consulting, and energy economics. He has held leadership roles in retail marketing, finance, and strategy with NiSource and in consulting with Arthur D. Little and DRI/McGraw Hill. Prior to Midwest Energy, Scott was the Founder and President of one of the largest home service plan providers in the U.S. utility channel. Scott leads the development and execution of the Midwest Energy strategy and operations. He has a MS from the MIT Sloan School of Management and a BA in economics from the University of New Hampshire.

**Tom Dyer- Senior Director, Procurement and Analysis**

Tom has over 18 years of experience in the energy markets, including working for two of the largest energy suppliers on the East Coast, Hess and Sprague. Tom gained extensive expertise in natural gas supply, interstate transportation, and electricity markets on both the wholesale and retail levels during his time in Operations at Hess and Sprague. For the past seven years, Tom has managed all aspects of electric and natural gas procurement for large Midwest Energy commercial and industrial customers behind numerous utilities. As the Senior Director of Procurement & Analysis, he manages supplier sourcing, pricing, and relationships, and serves as the lead technical resource both internally and for many of Midwest Energy's clients. Tom has a BS in finance from Franklin Pierce College.

**Mark D. Beci, Sr. Director Development**

Mark has experience in the utility and energy Industries since 1985. Mark also has 2 prior years of experience in Highway Construction Engineering and Management. Mark has vast experience working directly with and in managing large organizations that work with governmental, educational, healthcare, commercial and Industrial customers. Mark has expertise in the areas of natural gas and electricity commodities, cogeneration, natural gas air conditioning and air compressors, lighting retrofits, natural gas vehicles, and electric and natural gas equipment technologies. Mr. Beci holds a BS in Civil Engineering from the University of Illinois Urbana- Champaign, 1983.

**Gregory J. Cibinski, Sr. Director Development**

Gregory has many years of versatile professional experience encompassing P&L/General management, sales/marketing, and various operational roles, dating back to 1984. Mr. Cibinski has held key leadership roles with the following organizations prior to joining Midwest Energy, Inc.:

- Motorola Corporation
- Silicon Graphics Inc.
- Unisys Corporation
- Severn Trent Services, Inc.

Gregory has experience in the retail energy industry since 2002. Gregory has expertise In the areas of natural gas and electricity commodities, deregulation, market fundamentals and forecasting.

Gregory has direct experience working in the large complex natural gas and electric accounts. Mr. Cibinski holds a BS in Commerce and Engineering from Drexel University, Philadelphia, PA, 1984.

# Competitive Retail Electric Service Affidavit

**County of Harris :**

**State of Texas :**

Aundrea Williams, Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.

2. The applicant will timely file an annual report of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Sections 4905.10(A), 4911.18(A), and 4928.06(F), Ohio Revised Code.

3. The applicant will timely pay any assessment made pursuant to Sections 4905.10, 4911.18, and 4928.06(F), Ohio Revised Code.

4. The applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.

5. The applicant will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.

6. The applicant will fully comply with Section 4928.09, Ohio Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.

7. The applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

8. The applicant will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.

9. The applicant will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.

10. If applicable to the service(s) the applicant will provide, it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio.

11. The Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.

12. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.

13. Affiant further sayeth naught.

Andrea Williams Vice President Regulatory

Signature of Affiant & Title

Sworn and subscribed before me this 6th day of April, 2023
Month Year

Paula Williams
Signature of official administering oath

Paula Williams
Print Name and Title

PAULA WILLIAMS
My Notary ID # 125898518
Expires November 2, 2026

My commission expires on 11-02-2026