Ohio | Public Utilities Commission

Original CRS Case Number	Version
14 - 412 -EL-CRS	May 2016

RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

A. RENEWAL INFORMATION

A-1 Applicant intends to be renewed as: (check all that apply)

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

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name **Frontier Utilities Northeast, LLC**
Address **5444 Westheimer Rd, Suite 1100, Houston, TX 77056**
PUCO Certificate # and Date Certified **14-795E(2) certified 4/14/14, 4/14/16, 4/4/18**
Telephone # **(877) 437-7442** Web site address (if any) **www.frontierutilities.com**

A-3 List name, address, telephone number and we b site address under which Applicant does business in Ohio

Legal Name **Frontier Utilities Northeast, LLC**
Address **5444 Westheimer Rd, Suite 1100, Houston, TX 77056**
Telephone # **(877) 437-7442** Web site address (if any) **www.frontierutilities.com**

A-4 List all names under which the applicant does business in North America

Frontier Utilities, LLC

Frontier Utilities Northeast, LLC

A-5 Contact person for regulatory or emergency matters

Name **John H. Ritch**
Title **Assistant Vice President, Regulatory**
Business address **20455 State Hwy, 249, Suite 200, Houston, TX 77070**
Telephone # **(713) 401-5738** Fax # **(713) 401-5842**
E-mail address **regulatory@frontierutilities.com**

A-6 Contact person for Commission Staff use in investigating customer complaints

Name **Roland Gonzalez**
Title **Compliance Manager**
Business address **5444 Westheimer Rd, Suite 1100, Houston, TX 77056**
Telephone # **(832) 397-6935** Fax # **(877) 391-1584**
E-mail address **complaints.ne@frontierutilities.co**

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

Customer Service address **5444 Westheimer Rd, Suite 1100, Houston, TX 77056**
Toll-free Telephone # **(877) 437-7442** Fax # **(877) 391-1584**
E-mail address **complaints.ne@frontierutilities.coı**

A-8 Applicant's federal employer identification number # **45-5436191**

A-9 Applicant's form of ownership (check one)

☐ Sole Proprietorship ☐ Partnership
☐ Limited Liability Partnership (LLP) ☑ Limited Liability Company (LLC)
☐ Corporation ☐ Other ______________________

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 **Exhibit A-10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

B. **MANAGERIAL CAPABILITY AND EXPERIENCE**

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and 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 Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☑ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☑ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. **FINANCIAL CAPABILITY AND EXPERIENCE**

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (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, it shall file 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 account numbers redacted).

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody's, Standard & Poor's or Fitch and provide evidence of rating from the rating agencies.

2. Have a parent company or third party that is investment grade rated by Moody's, Standard & Poor's or Fitch guarantee the financial obligations of the applicant to the LDU(s).

3. Have a parent company or third party that is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company's financials must be included in the application if the applicant is relying on this option.

4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

C-5 **<u>Exhibit C-5 "Forecasted Financial Statements,"</u>** provide two years of forecasted income statements for the applicant's **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

C-6 **<u>Exhibit C-6 "Credit Rating,"</u>** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits 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 "N/A" in Exhibit C-6.

C-7 **<u>Exhibit C-7 "Credit Report,"</u>** provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.

C-8 **<u>Exhibit C-8 "Bankruptcy Information,"</u>** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

C-9 **<u>Exhibit C-9 "Merger Information,"</u>** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.

C-10 **<u>Exhibit C-10 "Corporate Structure,"</u>** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and 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 applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

D. TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

D-1 **Exhibit D-1 "Operations"** provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.

D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.

D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.

D-4 **Exhibit D-4 "FERC Power Marketer License Number,"** provide a statement disclosing the applicant's FERC Power Marketer License number. (Power Marketers only)

John A. Pitch Assistant Vice President, Regulatory
Signature of Applicant and Title

Sworn and subscribed before me this 12th **day of** March, 2020
Month **Year**

Paula Williams
Signature of official administering oath

Paula Williams, Notary
Print Name and Title

My commission expires on November 2, 2022

PAULA WILLIAMS NOTARY PUBLIC STATE OF TEXAS ID# 125898518 EXPIRES 11-2-2022

AFFIDAVIT

State of Texas :

Houston ss.
(Town)

County of Harris :

John H. Ritch, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the Asst. V.P., Regulatory (Office of Affiant) of Frontier Utilities Northeast, LLC (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.

2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.

3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.

4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.

5. The Applicant herein, attests that it 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 herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

7. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.

8. The Applicant herein, attests that it 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 herein, attests that it 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, the Applicant herein, attests that 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. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal 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 customer complaints.

That the facts above set forth are true and correct 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.

John H. Ritch — Assistant Vice President, Regulatory
Signature of Affiant & Title

Sworn and subscribed before me this 12th day of March, 2020
Month Year

Paula Williams — Paula Williams, Notary
Signature of official administering oath — Print Name and Title

My commission expires on November 2, 2022

PAULA WILLIAMS
NOTARY PUBLIC
STATE OF TEXAS
ID# 125898518
EXPIRES 11-2-2022

A-10: PRINCIPAL OFFICERS, DIRECTORS, AND PARTNERS

Name	Title	Business Address	Telephone Number	Facsimile Number
Brian Landrum	President	20455 State Highway 249, Suite 200, Houston, TX 77070	713-401-5561	866-598-4392
Richard Cribbs	Chief Financial Officer	601 Travis Street, Suite 1900, Houston, TX 77002	713-951-5304	866-598-4392
Kenneth Matula	Vice President	20455 State Highway 249, Suite 200, Houston, TX 77070	713-401-5651	713-423-7618
Kathy Beilhart	Treasurer/Vice President	700 Universe Blvd, Juno Beach, FL 33408	561-694-6405	561-691-7305
Melissa Plotsky	Secretary	700 Universe Blvd, Juno Beach, FL 33408	561-304-5349	561-691-7305
W. Scott Seeley	Assistant Secretary	700 Universe Blvd, Juno Beach, FL 33408	561-691-7038	561-691-7305
John H. Ritch	Assistant Vice President Regulatory	20455 State Highway 249, Suite 200, Houston, TX 77070	713-401-5738	713-401-5842

B-1: JURISDICTIONS OF OPERATION

Frontier Utilities Northeast, LLC ("Frontier") is a wholly owned indirect subsidiary of NextEra Energy, Inc. ("NEE"), which is one of the nation's largest providers of electricity-related services and is nationally known as a high-quality, efficient and customer-driven organization. NEE companies engage retail and wholesale electric markets, as well as retail and wholesale natural gas markets throughout the United States. Wholesale electric services are provided through NextEra Energy Marketing, LLC ("NEM"), a NextEra Energy, Inc. company that was created to aggregate the non-rate regulated energy-related operation of NextEra Energy, Inc. NEE owns, develops, constructs, manages and operates domestic generating facilities in wholesale energy markets in 32 states. With respect to retail electric services, certain NextEra affiliates engage in the retail sale of electricity to residential, commercial and industrial customers in Texas and other jurisdictions, as described in Exhibits B-2 and

B-3. Please refer to Exhibit C-10 which provides information concerning the corporate structure and operations of NextEra Energy, Inc.

B-2: EXPERIENCE & PLANS"

Frontier Utilities Northeast, LLC ("Frontier") is currently licensed to engage in the retail sale of electricity in New Jersey, Illinois, Ohio, Pennsylvania and Texas.

Experience

The experience and expertise of Frontier' management and affiliates in the competitive retail electricity supply market is substantial. Frontier and its' affiliate based in Houston, Texas, has over 300 employees. Frontier and its affiliates serve over 950,000 residential and commercial customers in 25 competitive markets across the United States. As a company, Frontier has been engaged in the competitive sale of retail electricity in Texas since 2008

Plan for Contracting and Providing Contracted Services

Frontier offers a variety of competitive and market-driven products to customers in compliance with applicable laws and PUCO rules. Contract forms clearly disclose pricing, charges and other material terms including any rights of rescission. Please refer to Exhibit D-1 for a description of the manner in which Frontier manages and services its electricity supply obligations.

Provision of Billing Statements.

Frontier Utilities Northeast, LLC and its corporate affiliates will ultimately manage its billing responsibilities through its highly experienced key personnel in Texas, which ultimately manages its billing responsibilities and related customer service for approximately 950,000. Frontier 's affiliate customer accounts in Illinois, Maine, New Jersey, Ohio, Pennsylvania and Texas will use EC Infosystems, Inc. to manage EDI transactions. Customers are generally invoiced on a consolidated basis by the applicable utility, with necessary coordination and review by Frontier. Where required for more sophisticated products, Frontier will manage the billing of the energy portion of the charges. Bills prepared at the direction of Frontier are done so in accordance with all applicable rules of Ohio Public Utility Commission.

Response to Customer Inquiries and Complaints

As mentioned above, customer service will be ultimately managed by Frontier's key personnel in Texas. Any customer with a question or complaint regarding billing or other generation service matters may contact a Frontier Customer Care representative at a dedicated toll free number or email address provided in the customer contract. Frontier Customer Care personnel will make every effort to respond to the customer's inquiry or resolve its complaint in a timely and satisfactory fashion. In the event that a customer complaint cannot be resolved by a Customer Care service representative, the customer may request a review by a Frontier Customer Care manager or supervisor. If a mutually agreeable resolution cannot be reached at that level, the Customer Care manager or supervisor will review the complaint and then notify the customer of the outcome. At that time, the customer will also be notified of its right to file a complaint with the PUCO and Frontier will provide the telephone number, facsimile number and website of the PUCO for the customer's convenience.

Frontier will exercise rigorous quality control and will ensure that its customer service representatives are well trained in applicable law and PUCO rules governing the provision of retail electric service. Frontier also expects that it will work closely with the applicable utilities to resolve billing disputes for those customers who can only be billed for delivery service by the utilities under applicable Ohio law.

Frontier provides training to all personnel and stresses the importance and understanding of each of the following objectives:

- Knowledge and aware Frontier of applicable Ohio laws and regulations governing marketing and consumer protection.
- Knowledge and understanding of responsible and ethical sales practices.
- Knowledge of the Company's products and services.
- Knowledge of the Company's rates, rate structures and payment options.
- Knowledge of the customers' right to rescind and cancel contracts.
- Knowledge of the applicability of early termination fees for contract cancellation.
- Knowledge of and adherence to Company-developed scripts.
- Knowledge on the proper completion of contract and enrollment documents.
- Knowledge of relevant terms and definitions.
- Knowledge of how customers may contact the Company to obtain information about billing, disputes, and complaints

B-3: DISCLOSURE OF LIABILITIES AND INVESTIGATIONS

Frontier Utilities Northeast, LLC has no existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact its ability to provide services as a CRES.

C-1: ANNUAL REPORTS

Please find herein as Exhibit C-1 the link to the two most recent Annual Reports for Frontier Utilities Northeast, LLC's parent affiliate, NextEra Energy Inc.

NextEra Energy, Inc. 2018 and 2019 Annual Reports:

http://www.investor.nexteraenergy.com/phoenix.zhtml?c=88486&p=irol-reportsCorporate

C-2: SEC FILINGS

Please find herein as Exhibit C-2 the link to the two most recent SEC Filings for Frontier Utilities Northeast, LLC's parent affiliate, NextEra Energy Inc.

NextEra Energy, Inc. FORM 10-K:

2018: https://www.sec.gov/Archives/edgar/data/753308/000075330819000039/0000753308-19-000039index.htm

2019: https://www.sec.gov/Archives/edgar/data/753308/000075330820000021/0000753308-20-000021-index.htm

C-3: FINANCIAL STATEMENTS

Frontier Utilities Northeast, LLC does not prepare stand–alone audited financial statements, but is included in the audited financial statement of NextEra Energy, Inc., its ultimate parent company.

Please refer to Exhibit C-1 or C-2 which contains NextEra Energy Inc.'s two most recent years of audited financial statements.

C-4: FINANCIAL ARRANGEMENTS

Frontier Utilities Northeast, LLC intends to rely upon NextEra Energy Inc. ("NextEra Energy") affiliates for funding of its retail electricity operations in Ohio. Financing, investment and banking activities for NextEra Energy affiliates are sourced through an affiliate of NextEra Energy as part of an overall cash management and corporate funding program. NextEra Energy affiliates make cash, cash equivalents, letters of credit, guarantees and other cash resources available to Frontier Utilities Northeast, LLC on an as needed basis.

THE REMAINDER OF EXHIBIT C-4 IS CONFIDENTIAL

C-5: FORECASTED FINANCIAL STATEMENTS

Frontier Utilities Northeast, LLC's forecasted financial statements are "CONFIDENTIAL."

C-6: CREDIT RATING

Please see attached a copy of the credit rating of NextEra Energy Inc., as reported by S&P, Moody's and Fitch. Please also refer to Exhibit C-4 providing that Frontier Utilities Northeast, LLC intends to rely upon NextEra Energy Inc.'s affiliates for funding of its retail electricity operations in Ohio.

Research Update:

NextEra Energy Inc. Ratings Affirmed On Acquisition Of Gulf Power; Outlook Remains Stable

Primary Credit Analyst:
Gabe Grosberg, New York (1) 212-438-6043; gabe.grosberg@spglobal.com

Secondary Contact:
Rebecca Ai, New York + (212) 438-7278; rebecca.ai@spglobal.com

Table Of Contents

Research Update:

NextEra Energy Inc. Ratings Affirmed On Acquisition Of Gulf Power; Outlook Remains Stable

Rating Action Overview

- NextEra Energy Inc. (NEE) completed its debt-financed acquisition of Gulf Power Co., which increases the EBITDA contribution from its lower-risk regulated utility businesses.
- On Jan. 3, 2019, S&P Global Ratings affirmed its ratings on NEE, including the 'A-' issuer credit rating. The outlook is stable.
- At the same time, we revised our assessment of the company's business risk profile upward to the low end of the excellent business risk profile category. Previously, we assessed the business risk profile in the strong category.
- Our ratings on Gulf Power, including the 'A-' issuer credit rating and stable outlook, are unchanged.
- The stable rating outlook on NEE incorporates our view that the company will continue to reduce risk at its competitive businesses by strategically growing through contracted assets and that its regulated utility business will consistently reflect about 70% of consolidated EBITDA. Because of the fully debt-financed Gulf Power acquisition, we expect that consolidated financial measures will weaken and reflect funds from operations (FFO) to debt of 21%-24%.

Rating Action Rationale

Our affirmation of the ratings and stable outlook on NextEra reflects our expectations for a modest improvement in the business risk profile, offset by a modest weakening in financial measures. We expect that NextEra's EBITDA contribution from its lower-risk regulated utilities businesses will consistently reflect about 70% of consolidated EBITDA. This compares with our prior expectation that the regulated utility businesses would account for about two-thirds of consolidated EBITDA. Furthermore, we think that the company will continue to reduce the risks of its competitive businesses by growing through lower-risk, long-term contracted assets. Because of these improvements, we revised upward our assessment of the company's business risk profile to excellent from strong. However, we assess the company at the very low end of the range for this category, incorporating the company's other higher-risk businesses. These include nuclear merchant generation, proprietary trading, retail supply and wholesale full-requirements contracts, and natural gas exploration and production businesses. These activities account for more than 10% of consolidated EBITDA and have significant liquidity needs, low margins, and require diligent risk management and hedging against fluctuating commodity prices. To account for these risks, we assess the comparable ratings analysis modifier as negative.

We assess NextEra's financial measures using our medial volatility table because the majority of the company's operating cash flows are from its lower-risk regulated utilities and reflecting its generally effective management of regulatory risk in Florida.

We expect a weakening in NextEra's 2019 financial measures, in part due to the all debt-financed acquisition of Gulf Power. FFO to debt for year-end 2017 and for the rolling-12-months ended September 2018 was about 25% and we expect year-end 2018 to be about 28%. However, we expect NextEra's financial measures to weaken in 2019 reflecting the Gulf Power fully debt-financed acquisition, robust capital spending at more than $10 billion, and dividends of more than $2 billion. Specifically, we expect FFO to debt to weaken to 21%-24% and to remain at this level as NextEra continues to grow its core businesses.

We assess Gulf Power as a core subsidiary of NEE. This reflects our view that Gulf Power is highly unlikely to be sold, is integral to the overall group strategy, and has a strong long-term commitment from senior management. As a result, we assess the issuer credit rating on Gulf Power as in line with NEE's 'a-' group credit profile.

Outlook

The stable rating outlook incorporates our view that the company will remain focused on growing its regulated utility businesses and will continue to reduce risk at its competitive businesses by strategically growing through contracted assets. We expect NEE's regulated utility business will consistently reflect about 70% of consolidated EBITDA. Because of the fully debt-financed nature of the Gulf Power transaction, we expect that consolidated financial measures will weaken, reflecting FFO to debt at 21%-24%.

Downside scenario

We could lower the rating over the next 24 months if the company's effective management of regulatory risk weakens or if the lower-risk regulated utility businesses account for less than 70% of consolidated EBITDA. We could also lower the ratings if FFO to debt consistently weakens to below 21%. This could occur if the company unexpectedly increases debt leverage to support more aggressive growth, shareholder rewards, or another debt-financed large acquisition.

Upside scenario

We could raise the rating over the next 24 months if financial measures consistently reflect the middle of the range for the financial risk profile category, reflecting FFO to debt consistently greater than 26%. This could occur if the company reduces reliance on debt leverage or decides to finance a future large acquisition or capital project with mostly equity.

Company Description

NextEra is a very large company that primarily consists of lower-risk regulated utilities (about 70% of EBITDA), competitive generation (about 20% of EBITDA), proprietary trading (about 5% of EBITDA), and natural gas exploration and production (about 5% of EBITDA). The company's utilities serve more than 5.5 million customers primarily in the state of Florida and has more than 27,000 MW of electric generation of which about 70% is from natural gas. NextEra has continued to reduce the risks of its competitive generation by increasing its reliance on long-term contracted assets with high-quality credit counterparties.

Liquidity

NEE has adequate liquidity, in our view, and can more than cover its needs for the next 12 months even if EBITDA declines by 10%. We expect the company's liquidity sources over the next 12 months will exceed uses by more than 1.1x, the minimum threshold for this liquidity assessment under our criteria. Under our stress scenario, we do not expect the company to require access to the capital markets during that period to meet liquidity needs. In addition, NEE has sound relationships with banks and satisfactory standing in the credit markets. It could absorb a high-impact, low-probability event with limited need for refinancing.

Principal liquidity sources:

- FFO of about $7 billion;
- Credit facility availability of about $8 billion; and
- Cash on hand of about $500 million.

Principal liquidity uses:

- Long-term debt maturities of about $2.2 billion in 2019;
- Maintenance annual capital spending of about $8 billion; and,
- Annual dividends of more than $2 billion.

Issue Ratings - Subordination Risk Analysis

Capital structure

- NEE's capital structure consists of about $38 billion total debt of which about $13.7 billion is outstanding at NextEra Energy Capital Holdings Inc. (NEECH), about $13.3 billion is outstanding at FPL, about $7 billion of non-recourse debt is outstanding at project subsidiaries of NextEra Energy Resources LLC, and about $1.4 billion is outstanding at Gulf Power.

Analytical conclusions

- The hybrid equity units at NEE are rated two notches below the issuer credit rating, one notch for deferability and one notch for subordination.
- The unsecured debt at NEECH, guaranteed by NEE, is rated one notch below the issuer credit rating because it ranks behind significant debt issued by subsidiaries in the capital structure.
- Junior subordinated notes and hybrid equity units at NEECH are rated two notches below the issuer credit rating, one notch for deferability and one notch for subordination.
- Secured debt at FPL benefits from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral provides coverage of more than 1.5x, supporting a '1+' recovery rating and an issue-level rating one notch above the issuer credit rating.
- Unsecured debt at FPL is rated the same as the issuer credit rating because it is a qualifying investment-grade regulated utility.
- The commercial paper program at both NEECH and FPL is rated 'A-2', consistent with the issuer credit ratings.

Ratings Score Snapshot

Issuer Credit Rating: A-/Stable/--

Business risk: Excellent
- Country risk: Very low
- Industry risk: Low
- Competitive position: Excellent

Financial risk: Intermediate
- Cash flow/Leverage: Intermediate

Anchor: a

Modifiers
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable ratings analysis: Negative (-1 notch)

Stand-alone credit profile: a-
- Group credit profile: a-

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, 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 And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Ratings List

Ratings Affirmed

NextEra Energy Inc.	
Issuer Credit Rating	A-/Stable/--
Florida Power & Light Co.	
NextEra Energy Capital Holdings Inc.	
Issuer Credit Rating	A-/Stable/A-2
NextEra Energy Inc.	
Senior Unsecured	BBB
Florida Power & Light Co.	
Senior Secured	A
Recovery Rating	1+
Senior Unsecured	A-
Preferred Stock	BBB
Commercial Paper	A-2
NextEra Energy Capital Holdings Inc.	
Senior Unsecured	BBB+
Senior Unsecured	BBB
Junior Subordinated	BBB
Commercial Paper	A-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
28 January 2020

Update

Rate this Research

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.

Contacts

Jeffrey F. Cassella +1.212.553.1665
VP-Sr Credit Officer
jeffrey.cassella@moodys.com

Gidon Eydelnant +1.212.553.1775
Associate Analyst
gidon.eydelnant@moodys.com

Michael G. Haggarty +1.212.553.7172
Associate Managing Director
michael.haggarty@moodys.com

Jim Hempstead +1.212.553.4318
MD-Utilities
james.hempstead@moodys.com

NextEra Energy, Inc.

Update to credit analysis

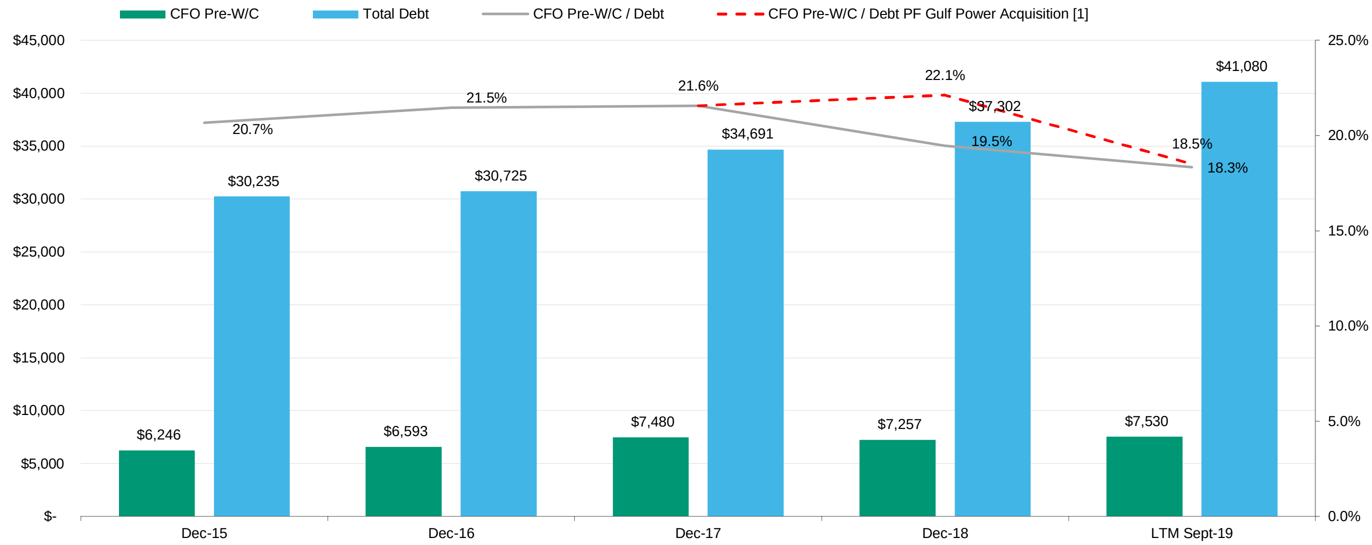
Summary

NextEra Energy, Inc.'s (NEE) credit profile reflects its industry-leading positions in the utility and renewable energy sectors as well as its solid financial profile. Its principal utility subsidiary, Florida Power and Light Company (FPL, A1 stable), is one of the largest and financially strongest regulated electric utilities in the US and accounts for about 63% of NEE's consolidated EBITDA. NEE's regulated businesses account for about 70% of NEE's consolidated EBITDA. The majority of NEE's remaining EBITDA is generated by NextEra Energy Resources LLC (NEER, unrated), 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, Baa1 stable, debt guaranteed by NEE), an intermediate holding company of NEE and the principal debt financing vehicle for NEE's non-Florida utility businesses. NEER also owns a majority stake in NextEra Energy Partners, LP (NEP, Ba1 stable), a yieldco that acquires, manages and owns contracted clean energy projects and pipelines with stable long-term cash flows.

We expect NEE's consolidated ratio of cash flow from operations pre-working capital (CFO pre-W/C) to debt will continue to remain above 18%, a financial metric threshold for a potential downgrade. At the same time, NEE's credit is constrained by an elevated level of holding company debt, which is approximately 46% of consolidated debt, including the proportional consolidation of NEP's debt (roughly 39% of consolidated debt when allocating some parent debt to certain unlevered operating assets). NEE's holding company debt was driven higher in 2019 with the acquisition of Gulf Power Company (A2 stable) in January 2019, which modestly added to its regulated business mix and strengthened its business risk profile. NEE is also exposed to extreme weather events such has hurricanes and tropical storms that periodically hit the Florida service territories of its regulated utilities.

Exhibit 1

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



[1] 2018 excludes Gulf Power acquisition pre-funding and LTM Sept-19 is pro-forma for Gulf Power acquisition

Source: Moody's Financial Metrics

Credit strengths

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

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

» Continued focus on growing regulated assets and reducing uncontracted merchant exposure strengthens business risk profile

» NEER, a leading player in the renewable energy sector, has a higher risk profile that is mitigated by long-term power contracts largely with investment grade counterparties

Credit challenges

» Holding company debt level is one of the highest within the sector, constraining the ratings of the corporate family

» Financial metrics are lower compared to recent years

» Large negative free cash flow of $4.1 billion at NEECH

» Aggressive acquisition appetite including expected pursuit of South Carolina Public Service Authority (Santee Cooper, A2 negative)

» Geographic concentration in Florida with risk of storms through ownership of FPL and Gulf Power

» Project execution risk remains at NEER as it continues investing heavily through an elevated construction cycle

Rating outlook

The stable rating outlook is based on our expectation that FPL and Gulf Power will continue to benefit from a highly credit supportive Florida regulatory environment, that NEE's renewable asset portfolio will maintain a steady performance, major construction projects will remain on time and within budget, and that the company will continue to have unfettered access to the capital markets. The stable outlook also reflects our expectation that any M&A activity, if executed, will be financed in a manner that maintains a financial profile that supports current credit quality such that NEE's ratio of CFO pre-W/C to debt remains above 18% and CFO pre-W/C less dividends to debt remains in the low-teens range.

Factors that could lead to an upgrade

An upgrade is unlikely in the near future due to the high percentage of holding company debt, significant capital projects, and aggressive M&A appetite. Longer term, substantial debt reduction at NEECH such that the percentage of holding company debt is less than 25% and consolidated financial metrics improve such that NEE's ratio of CFO pre-W/C to Debt is sustained in the mid-20% range could put upwards rating pressure on NEE.

Factors that could lead to a downgrade

NEE's ratings could be downgraded if its ratio of CFO pre-W/C to debt declines below 18% for an extended period of time. The ratings could be downgraded if the regulatory environment deteriorates in Florida such that there is a delay in cost recovery at FPL or there are adverse tax or environmental policy developments that negatively impact NEECH. Downgrades could also result if NEE's business risk profile deteriorates or if holding company level debt is sustained above 50%. A downgrade of NEE could lead to a downgrade of FPL and Gulf Power, due to affiliation with a weaker parent.

Key indicators

Exhibit 2

NextEra Energy, Inc. [1]

	Dec-15	Dec-16	Dec-17	Dec-18	LTM Sept-19
CFO Pre-W/C + Interest / Interest	5.8x	6.6x	5.6x	5.6x	3.6x
CFO Pre-W/C / Debt	20.7%	21.5%	21.6%	19.5%	18.3%
CFO Pre-W/C – Dividends / Debt	15.9%	15.9%	15.9%	13.5%	12.3%
Debt / Capitalization	47.6%	45.5%	49.3%	45.0%	45.6%

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

Profile

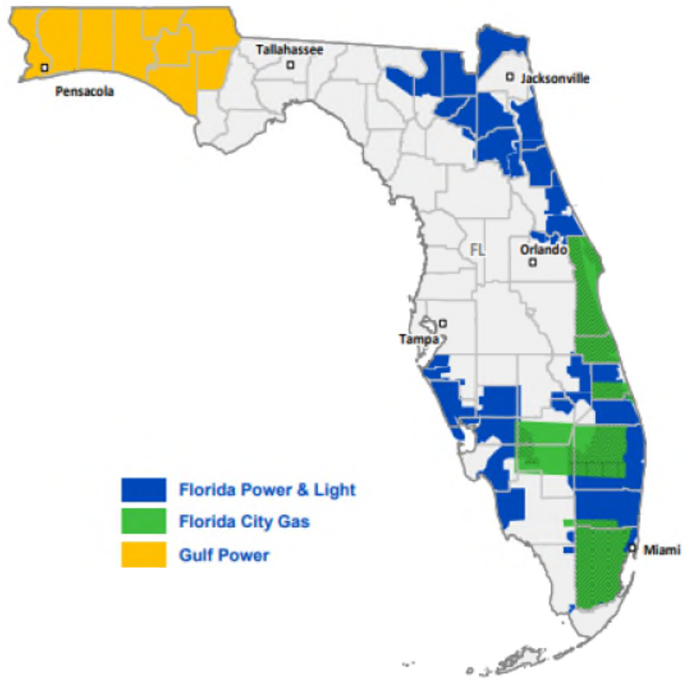
Headquartered in Juno Beach, Florida, NextEra Energy, Inc. is one of the largest holding companies in our global regulated utility rated universe. NEE's principal operating utility, Florida Power & Light Company (FPL, A1 stable) is one of the largest vertically integrated regulated utilities in the US serving approximately 5 million customer accounts or an estimated 10 million people across nearly half of the state of Florida. FPL accounts for about 63% of NEE's consolidated EBITDA. NEE also owns Gulf Power Company (A2 stable), a small regulated vertically integrated electric utility in the panhandle of Florida. NEE is also the holding company of NextEra Energy Capital Holdings, Inc. (NEECH, Baa1 stable), which is the principal debt financing vehicle for the non-Florida utility businesses 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 ownership interests in natural gas pipelines, and through a subsidiary also has majority ownership interest in yieldco, NextEra Energy Partners, LP (NEP, Ba1 stable). NEECH's other subsidiaries include NextEra Energy Transmission (NEET, unrated), which holds FERC regulated electric transmission assets. NEE has no debt of its own but guarantees the debt that resides at NEECH.

In January 2019, NEE, through a wholly owned subsidiary, completed the acquisition of Gulf Power from The Southern Company (Southern, Baa2 stable). NEE acquired Gulf Power for approximately $5.75 billion, which included $4.35 billion in cash plus the assumption of approximately $1.4 billion of Gulf Power debt.

Beginning January 2018, because of governance changes at NEP, NEP was deconsolidated from NEE's results on a US GAAP accounting basis. For more details about the credit considerations of NEP please refer to its Credit Opinion available on www.moodys.com.

Exhibit 3

NEE's regulated utility service area map



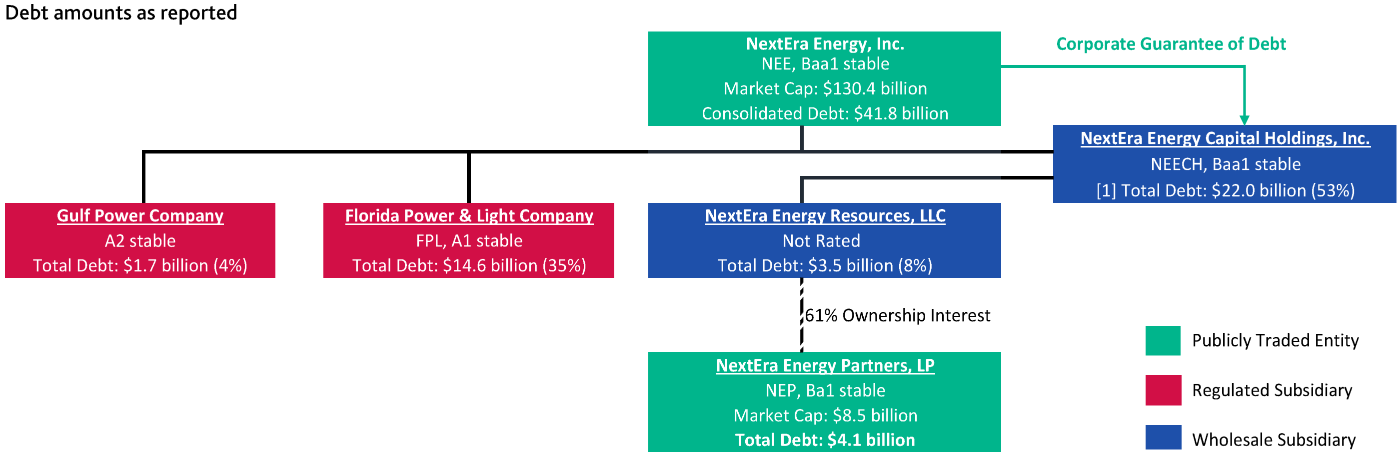
Source: Company Presentations

Detailed credit considerations

Exhibit 4

Organizational Chart

Debt amounts as reported



[1] Includes Lone Star Transmission Debt

Note: As of 30 September 2019; NEE Market Capitalization as of 28 January 2020; NEE Consolidated Debt.

Source: Company Filings, Marketwatch

FPL'S STRONG CREDIT QUALITY IS THE FOUNDATION OF NEE'S CREDIT PROFILE

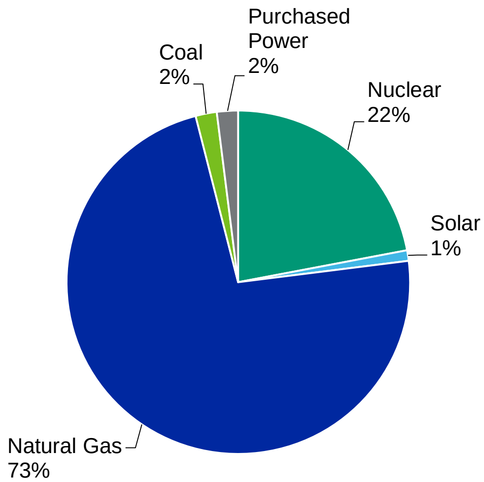
FPL is NEE's principal subsidiary and "crown jewel." FPL is one of the financially strongest regulated electric utilities in the US and forms the core foundation of NEE's credit quality. At the same time, FPL's large geographic concentration in Florida exposes NEE to the state's economic cycles, weather 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.

FPL has modernized its generation portfolio to be predominantly gas, a strategy which has lowered customer rates and minimized the environmental risks related to coal. FPL incorporated a strategy of buying coal plants with which it had above-market power purchase agreements, retiring those plants and replacing them with cleaner generation. FPL will eliminate its only remaining coal plant (Indiantown) in Florida in Q1 2020, which is after the company shut down two coal plants in Jacksonville and Martin County, in 2016 and 2018, respectively. Additionally, FPL plans to continue increasing the fuel efficiency of its natural gas power plants through increased investments while also investing heavily in solar generation.

As of 30 September 2019, approximately 2% of FPL's 27,000 megawatts (MW) of generation capacity was solar. In its 2019 10-year power plant site plan, FPL is projecting an additional 7,273 MW of solar power by the end of 2028, which equates to adding roughly 730 MW of solar per year. In its 2016 rate case settlement, FPL is allowed timely recovery of up to 300 MW annually of new solar generation from 2017 to 2020 through a Solar Base Rate Adjustment (SoBRA) mechanism. In early 2019, the company announced its plan to install more than 30 million solar panels by 2030, which could more than double its stated goal of over 4,000 MW.

Exhibit 5

FPL Generation fuel mix by MWh



As of December 31, 2018
Source: Company Filings

In November 2016, FPL's rate case settlement order demonstrated Florida's stable and credit supportive regulatory environment. The settlement became effective on 1 January 2017 and provides revenue visibility over its four-year term (a total of $811 million in rate increases) through 2020. The rate order included an allowed mid-point ROE of 10.55% with a range of 9.6% to 11.6% based on an equity ratio that FPL has consistently maintained at about 60%.

The 2016 rate settlement retained the cost recovery mechanisms that have allowed FPL to produce consistently above-average credit metrics. An example includes storm cost recovery provisions, which are important in Florida where hurricanes are prevalent. The new SoBRA mechanism was included in the settlement order, 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. This mechanism is similar to the Generation Base Rate Adjustment that will allow for FPL’s Dania Beach power generation facility modernization project that is currently underway to be reflected in rates upon its expected in service date in 2022.

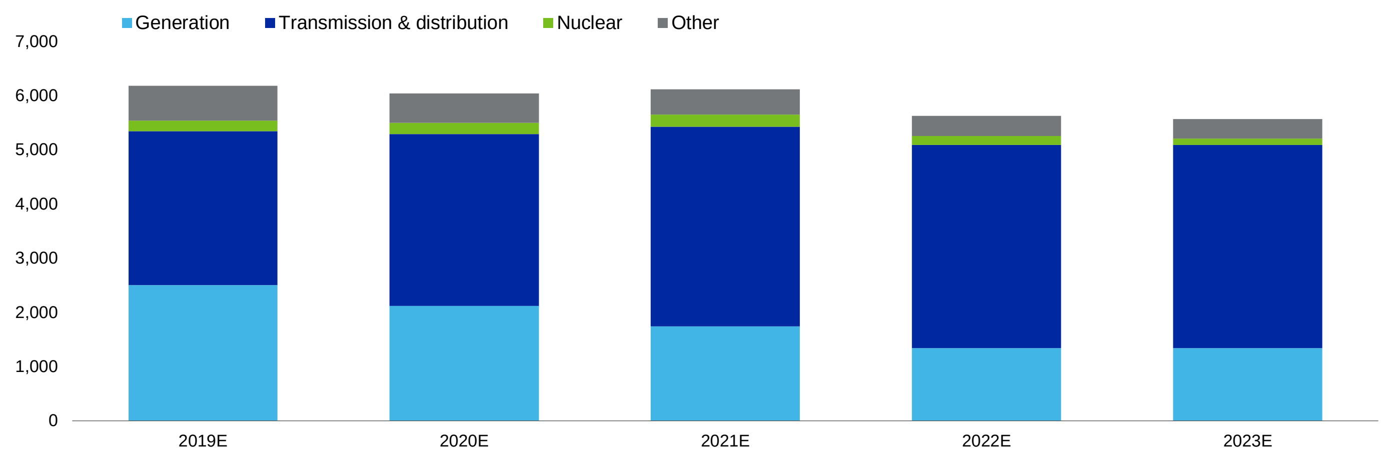
Changes to the US tax law in December 2017 did not have a material impact on FPL's financial metrics. FPL used the federal tax savings arising from tax reform to offset approximately $1.3 billion of storm restoration costs resulting from Hurricane Irma in September 2017. FPL's last rate case settlement agreement set parameters for base rates and storm surcharges from January 2017 through at least December 2020. In addition to avoiding a Hurricane Irma surcharge, in May 2019 the FPSC allowed FPL to use future federal tax savings to replenish its reserve amortization account, which was depleted from the Hurricane Irma storm costs. The FPSC also allowed FPL to keep the excess tax reform savings once the reserve account was replenished as long as the utility did not earn above its upper end of the range of 11.6% on its allowed ROE. Because of this decision, FPL expects to file its next general rate case in 2021, which is one year later than it originally intended.

In late June 2019, the governor of Florida signed into law Senate Bill 796, which requires 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 new law is credit positive for the state's utilities, particularly FPL, given that it is the state's largest, because it allows the utilities to grow rate base through increased investments and obtain timely recovery of these investments, all in an effort to ensure customer reliability. It is also a sign that Florida regulators support proactive management of physical risks arising from climate change, which is expected to cause storms to be more frequent and more powerful over time.

In early January 2020, the Supreme Court of Florida unanimously rejected a proposed constitutional amendment that would open the state to electric competition. The energy choice measure proposal was initially introduced in the first half of 2019 and needed to reach 766,200 signatures by 1 February 2020 before it could appear on the Florida ballot. The measure would have amended the constitution to declare that the Florida wholesale and retail electricity markets be fully competitive. In its ruling, the Supreme Court of Florida found that the initiative's summary would mislead voters on its effects and was considered not clear and ambiguous.

Exhibit 6

FPL's elevated capital expenditures will continue to grow rate base and cash flows
($ millions)



Source: Company Filings

HOLDING COMPANY LEVERAGE IS ONE OF THE HIGHEST WITHIN THE SECTOR, A CREDIT NEGATIVE

We estimate NEE's holdco debt as a percentage of consolidated debt is currently about 46%, including the proportional consolidation of its ownership in NEP. Excluding NEP, NEE's holdco debt would be approximately 49% of consolidated debt. However, when allocating some parent debt to certain unlevered assets, NEE's holdco debt percentage is roughly 39% of consolidated debt. As a result, NEE's holding company debt is higher than it has been in recent years, and one of the highest within the regulated utility sector, and is a constraint on the credit quality of the corporate family. NEE's holding company debt at 30 September 2019 had increased due to the $1.5 billion of equity units issued in September. These equity units convert to equity in three years and the proceeds are typically used to reduce holding company debt which would reduce NEE's holdco debt percentage of consolidated debt.

NEE's holding company leverage increased with the acquisition of Gulf Power in January 2019. NEE acquired Gulf Power from Southern for approximately $5.75 billion, which included $4.35 billion in cash plus the assumption of approximately $1.4 billion of Gulf Power debt. In order to finance the acquisition, NEECH temporarily borrowed $1.125 billion under each of four separate bilateral term loan agreements for a total of $4.5 billion. The term loans were fully repaid in April 2019 using proceeds from the issuance of debentures and junior subordinated notes as well as borrowings from additional variable rate term loan agreements.

The Gulf Power acquisition was the final and largest component of the transaction between NEE and Southern originally announced in May 2018, in which NEE was to acquire Gulf Power, a small natural gas local distribution company, Florida City Gas Company (unrated), and two contracted gas-fired merchant power plants in Florida for a total purchase price of $6.5 billion. The acquisition of Gulf Power, Florida City Gas and the contracted merchant power plants added modest business diversity to NEE while remaining in the highly credit supportive Florida regulatory environment where NEE already had a large presence with FPL. Although relatively modest, the acquisition is consistent with management's stated strategy to pursue rate regulated assets to add to NEE's regulated businesses and strengthen its business risk profile. At the same time, the announced leveraged transaction was priced at a relatively high multiple of about 13x historical EBITDA and increased leverage at the parent level via debt issued at NEECH, a credit negative.

Even after the Gulf Power acquisition that closed on 1 January 2019, NEE has continued to look for utility acquisitions to increase its regulated business mix. NEE was one of 9 bidders for the Jacksonville Electric Authority (JEA, A2 stable), which recently ended the bid process for the sale of its electric and water/wastewater assets in late December 2019. In addition, NEE is one of a select list of bidders for the South Carolina Public Service Authority (Santee Cooper, A2 negative), which is in the midst of a potential sale of its assets.

NEER IS A LEADING PLAYER IN THE RENEWABLE ENERGY SECTOR WITH A HIGHER RISK PROFILE THAT IS MITIGATED THROUGH LONG TERM CONTRACTS

NEER, which accounts for about 30% of NEE's EBITDA, has increased the contracted portion of its large portfolio of renewable assets to approximately 77% in 2018 and expects to increase it up to 80% by 2022. At the same time, we expect NEE's regulated and contracted assets combined will account for 90% of adjusted EBITDA by the end of 2020.

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 energy under long-term contracts, primarily to investment-grade utilities that are attracted to the declining prices of renewable power and seeking to satisfy environmental mandates as well as meet customer preferences. The long term revenue visibility from the contracted assets and the predominance of renewables, 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 merchant power sales and challenged coal and nuclear plants. Although NEER continues to invest heavily and project execution risk remains, NEER has a strong track record to complete projects on time and within budget.

In late December 2019, the federal government passed a law to extend onshore and offshore wind tax credits. The onshore wind production tax credits (PTCs) were extended an additional year at $14/MWh or 60% of the full credit, which was previously set to end in 2019 at $9/MWh or 40% of the full credit. The law also contained a one-year extension of the investment tax credit for offshore wind at the 60% level in 2020 with four years to put the project in-service. There was no change to solar investment tax credits which are expected to step down each year to a 10% tax credit in 2022 and remains at that level.

There is somewhat greater uncertainty longer term over environmental policy and supportiveness for renewables after the US exit from the Paris accords, the withdrawal of the Clean Power Plan and the reduction in tax credits. While many utilities have met 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 to further diversify its customer base before utilities are expected to return to the market as major buyers in order to meet increasing renewable portfolio standards.

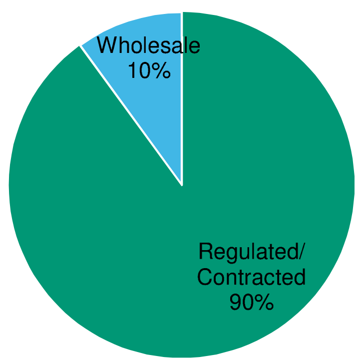
NEER's cash flow has risen from new generation capacity that has been added over the last several years. NEER generally manages the construction of renewable projects to make the most of the federal tax credits available. The company is in the midst of a large construction phase, including peak spending levels of about $6.8 billion in 2019, largely due to increased renewable investments. NEER has grown its renewable capacity from approximately 16 GW in 2016 to about 20 GW in 2018.

Gas pipelines and energy storage also contribute to the increase in NEER's capital investments. The company continues to make modest but growing investments in energy storage, which is not only an emerging technology growth area in the renewable sector, but it will also 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, and the approximately $5.4 billion Mountain Valley pipeline, of which NEE has 31% ownership, is due to go in-service in 2020, depending on receipt of state environmental approvals and a final permit from the Army Corps of Engineers. We note that the Mountain Valley pipeline continues to experience cost overruns and delays related to permitting. These pipelines are expected to generate stable cash flow under 20-year contracts and will help support NEE's credit metrics.

Exhibit 7
NEER projected annual capital expenditures
($ billions)

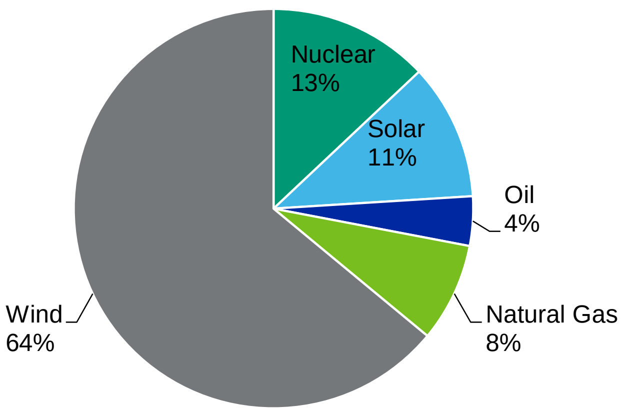
Source: Company Presentations

Exhibit 8
Moody's pro forma 2019 estimate of NextEra's business mix by adjusted EBITDA (pro forma for Gulf Power acquisition)



Regulated includes FPL, transmission assets and FERC pipelines.
Source: Company Presentations

Exhibit 9
NEER Generation fuel mix by MW
Includes NEP



As of December 31, 2018
Source: Company Filings

FINANCIAL PROFILE EXPECTED TO REMAIN STABLE

For the 12-months ended 30 September 2019, on a US GAAP reporting basis adjusted for Moody's standard adjustments, NEE's ratio of CFO pre-W/C to debt was 18.3% which is lower than its 3-year average ending the same period of 20.8%, primarily due to the $1.5 billion of equity units issued in September 2019, which we only attribute a 25% equity allocation. These equity units convert to equity in three years and the proceeds are typically used to reduce holding company debt. Pro forma for the acquisition of Gulf Power, we estimate NEE's ratio of CFO pre-W/C to debt to be almost 19%. As mentioned earlier, beginning in 2018, NEE deconsolidated NEP based on US GAAP accounting rules. When proportionally consolidating NEP's results based on NEE's approximately 61% ownership interest, and pro forma for the recent acquisition of Gulf Power, we estimate that NEE's consolidated ratio of CFO pre-W/C to debt ratio is approximately 18%. Going forward, we expect NEE's financial profile to remain steady including ratio of CFO pre-W/C to debt above 18%, even while the company continues to invest heavily at NEER as well as its regulated utilities, FPL and Gulf Power.

We expect that NEE will manage its balance sheet in a manner that maintains its current financial profile and supports its credit quality. Historically, the company has sold assets and has issued equity to maintain a balanced capital structure. NEE's financial metrics were not materially impacted by the December 2017 changes in tax legislation as NEE's unregulated business modestly benefitted from the lower tax rate and FPL was able to offset hurricane restoration costs with the federal tax savings.

NEE has a relatively high percentage of holding company debt compared to its peers, but this, along with the presence of a higher risk unregulated, albeit heavily contracted, business are incorporated in our credit analysis and reflected in the relatively wide differential between the credit quality of NEE and its principal utility subsidiary, FPL.

ESG considerations

As a holding company of regulated utilities and renewable energy, one of NEE's primary goals is to provide customers with affordable, reliable and clean energy to power their homes and businesses, which are important social factors. From a governance perspective, financial policies that result in a strong financial position are important for managing the company's business, environmental and social risks.

NEE has moderate carbon transition risk within the utility sector because of its low exposure to coal but substantial ownership of natural gas-fired generation assets. NEE's coal exposure includes FPL's ownership of approximately 75% of a unit at the Scherer coal plant in Georgia (655 MW) and 100% ownership of the 330 MW Indiantown coal plant (expected to be retired in 2020) in Florida as well as Gulf Power's 25% share of the Scherer coal plant (205 MW), 50% of the Daniel coal plant in Mississippi (500 MW) and the 970 MW coal-fired Crist Generating Plant in Florida. NEE, including FPL, owns approximately 22 GW of natural gas generation out of a total owned generation of approximately 50 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. Moody's framework for assessing carbon transition risk in this industry is discussed in "Prudent regulation key to mitigating risk, capturing opportunities of decarbonization" (2 Nov 2017).

Liquidity analysis

NEE's corporate family of companies have sufficient liquidity, with FPL maintaining the strongest liquidity profile. NEECH's liquidity is somewhat constrained by its large capital investment program and the need to repay/refinance a substantial amount of maturing debt and provide for material contingent calls related to its hedging and marketing activities. However, NEECH has demonstrated an ability to manage its liquidity profile sufficiently, primarily through solid access to bank and debt capital markets.

For the last twelve months ended 30 September 2019, FPL's cash flow from operations was $5.1 billion compared to capital expenditures of $5.3 billion, largely driven by spending on transmission and distribution infrastructure, investments at its Okeechobee Clean Energy Center which went into service in March 2019, as well as 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 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 30 September 2019, FPL had net available liquidity of about $4.3 billion, which included $4.6 billion of bank revolving line of credit facilities that also backstop its commercial paper (CP) program of which $445 million was outstanding. The utility had full availability on its $1.7 billion of bilateral revolving credit facilities and about $137 million of cash on-hand. Owing to its strong credit profile, FPL also maintains unfettered access to 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 2024. FPL's credit facilities do not contain a material adverse change clause on borrowings. The next large debt maturity at FPL is $45 million of senior notes maturing in December 2020 and a $49 million credit facility also maturing in December 2020.

NEECH's liquidity profile is impacted by its large capital investment program and the continuous development of power projects, which typically results in negative free cash flow. Its negative free cash flow position has ranged from about $3 billion to almost $7 billion over the last five years. For the LTM September 2019, NEECH's cash flow from operations was $2.1 billion compared to capital expenditures of $6.4 billion and contributions from its parent of $0.6 billion. NEECH expects to finance the resulting negative free cash flow of about $3.7 billion through a combination of project finance debt, tax equity, recycling of capital through asset sales and long-term debt issuances at NEECH.

As of 30 September 2019, NEECH had $4.5 billion of net available liquidity, which included $988 million of cash and $5.6 billion of availability on its revolving credit facilities, net against about $2.2 billion of commercial paper borrowings. NEECH's almost $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 2024. This facility does not contain a material adverse change clause on borrowings. NextEra's nearest debt maturities are a ¥552 million term loan that matures in June 2020 and $716 million of senior debt at the HoldCo that will mature in August 2020.

Rating methodology and scorecard factors

Exhibit 10

Rating Factors

NextEra Energy, Inc.

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 9/30/2019		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	Baa	Baa	Baa	Baa
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)	5.5x	A	5.2x - 5.7x	A
b) CFO pre-WC / Debt (3 Year Avg)	20.8%	Baa	17% - 19%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	14.8%	Baa	11% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	44.5%	A	43% - 46%	A
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 9/30/2019(LTM)
[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 11

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-15	Dec-16	Dec-17	Dec-18	LTM Sept-19
As Adjusted					
FFO	6,475	6,663	7,559	7,394	7,686
+/- Other	(229)	(70)	(79)	(137)	(156)
CFO Pre-WC	6,246	6,593	7,480	7,257	7,530
+/- ΔWC	313	(388)	(857)	(693)	4
CFO	6,559	6,205	6,623	6,564	7,534
- Div	1,448	1,714	1,967	2,238	2,477
- Capex	8,256	9,501	10,621	12,880	12,306
FCF	(3,145)	(5,010)	(5,965)	(8,554)	(7,249)
(CFO Pre-W/C) / Debt	20.7%	21.5%	21.6%	19.5%	18.3%
(CFO Pre-W/C - Dividends) / Debt	15.9%	15.9%	15.9%	13.5%	12.3%
FFO / Debt	21.4%	21.7%	21.8%	19.8%	18.7%
RCF / Debt	16.6%	16.1%	16.1%	13.8%	12.7%
Revenue	17,486	16,155	17,173	16,727	19,008
Cost of Good Sold	5,410	4,113	4,071	3,732	4,243
Interest Expense	1,289	1,181	1,636	1,579	2,842
Net Income	2,490	2,512	4,789	3,103	2,396
Total Assets	82,358	89,858	97,849	103,584	114,104
Total Liabilities	59,462	65,121	69,203	68,982	76,757
Total Equity	22,896	24,737	28,646	34,602	37,347

[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 12

Peer Comparison Table [1]

	NextEra Energy, Inc. (P)Baa1 Stable			Berkshire Hathaway Energy Company A3 Stable			Duke Energy Corporation Baa1 Stable			Sempra Energy Baa1 Negative			Dominion Energy, Inc. Baa2 Stable		
	FYE	FYE	LTM	FYE	FYE	LTM	FYE	FYE	LTM	FYE	FYE	LTM	FYE	FYE	LTM
(in US millions)	Dec-17	Dec-18	Sept-19	Dec-17	Dec-18	Sept-19	Dec-17	Dec-18	Sept-19	Dec-17	Dec-18	Sept-19	Dec-17	Dec-18	Sept-19
Revenue	17,173	16,727	19,008	18,614	19,787	19,865	23,565	24,521	25,091	11,207	11,687	12,297	12,586	13,366	15,458
CFO Pre-W/C	7,480	7,257	7,530	6,729	6,531	6,629	8,018	7,907	8,267	3,608	3,336	3,463	4,655	5,158	4,943
Total Debt	34,691	37,302	41,080	41,967	41,363	42,461	54,169	57,787	61,046	21,331	27,280	27,928	38,825	36,852	43,686
CFO Pre-W/C / Debt	21.6%	19.5%	18.3%	16.0%	15.8%	15.6%	14.8%	13.7%	13.5%	16.9%	12.2%	12.4%	12.0%	14.0%	11.3%
CFO Pre-W/C – Dividends / Debt	15.9%	13.5%	12.3%	16.0%	15.8%	15.6%	10.3%	9.4%	9.3%	12.8%	8.5%	8.5%	6.9%	7.9%	4.9%
Debt / Capitalization	49.3%	45.0%	45.6%	53.4%	51.6%	50.9%	53.0%	52.9%	52.4%	54.7%	55.9%	55.1%	61.1%	56.7%	54.8%

[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 13

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
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	Stable
Issuer Rating	A2
Senior Unsecured	A2
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 1209402

MOODY'S
INVESTORS SERVICE

NextEra Energy, Inc.

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	A–	Stable	Affirmed Oct. 18, 2019
Long-Term IDR	A–	Stable	Affirmed Oct. 18, 2019
Senior Unsecured	A–	Stable	Affirmed Oct. 18, 2019
Junior Subordinate	BBB	Stable	Affirmed Oct. 18, 2019
Short-Term IDR	F2	Stable	Affirmed Oct. 18, 2019
CP	F2	Stable	Affirmed Oct. 18, 2019

Click here for full list of ratings

Financial Summary

(USD Mil.)	Dec 2015	Dec 2016	Dec 2017	Dec 2018
Gross Revenue	17,414	16,081	17,121	16,653
Operating EBITDAR	7,791	7,600	8,540	8,316
Cash Flow from Operations	6,579	6,273	7,845	6,575
Capital Intensity (Capex/Revenue) (%)	48.1	59.9	62.7	78.1
Total Adjusted Debt with Equity Credit	29,217	29,650	33,539	36,335
FFO Fixed-Charge Coverage (x)	6.5	6.2	6.6	6.4
FFO-Adjusted Leverage (x)	3.9	4.0	3.9	4.2
Total Adjusted Debt/Operating EBITDAR (x)	3.8	3.9	3.9	4.4

Source: Fitch Ratings, Fitch Solutions.

NextEra Energy, Inc.'s ratings benefit from its ownership of strong utility franchises in Florida and its competitive position as the nation's largest renewable developer. The recently completed acquisitions of Gulf Power Company, Florida City Gas and Trans Bay Cable LLC have increased the contribution of regulated earnings to approximately 70%, which Fitch Ratings views favorably. The shift to a higher regulated mix also is being driven by significant base rate increases at Florida Power & Light Company (FPL) and planned rate base investments at FPL and Gulf Power.

As an offset, Fitch now expects NextEra's FFO-adjusted leverage to be 4.2x–4.4x over 2019–2022, approximately 30bps higher than our prior expectations but well within Fitch's expected range for NextEra to maintain its 'A–' Issuer Default Rating (IDR). Fitch expects FFO fixed-charge coverage to be 5.5x–5.8x over 2019–2022.

Key Rating Drivers

Pivot to Regulated and Contracted Assets: NextEra's continued shift toward regulated investments and contracted renewable assets is supportive of its credit profile. The acquisition of Gulf Power and Florida City Gas extends NextEra's regulated presence in Florida, which Fitch regards as a favorable regulatory jurisdiction and where FPL has established a track record of securing constructive regulatory outcomes. Fitch expects approximately 70% of EBITDA to be generated by regulated businesses over our forecast period.

Within the nonregulated businesses, management's emphasis remains on long-term contracted renewable generation. The adjusted EBITDA contribution from both regulated and contracted businesses at NextEra was approximately 90% in 2018, and Fitch expects no material deviation over the next few years.

Strong Growth at FPL: FPL expects to invest $23 billion–$25 billion in capex over 2019–2022, driving 9% CAGR in rate base. A significant portion will be spent to maintain and upgrade infrastructure, including investments for storm hardening and grid reliability. The balance of capex is earmarked for new generation capacity, which includes the Dania Beach natural gas combined cycle plant, utility scale solar generation and community solar investments.

Significant capital investments could continue beyond our forecast period. A recently enacted state law directs the Florida Public Service Commission (FPSC) to implement a clause recovery mechanism for utilities on their investments related to storm hardening and undergrounding. This could provide a $25 billion–$35 billion capital investment opportunity for FPL over the next 20–30 years. FPL's "30-by-30" plan, which aims to install at least 30 million solar panels by 2030, represents an approximately $10 billion investment opportunity. Fitch expects FPL to finance its capex and dividend distributions in a balanced manner to maintain its regulatory capital structure.

Fuel cost savings, continued O&M cost control and headroom created by tax reform allow FPL an opportunity to earn on an expanded rate base without undue pressure on customer bills. FPL expects to file its next general rate case in 1Q21 for rates effective in January 2022. Fitch's forecasts assume a constructive resolution of the rate case and no material change to the authorized equity ratio and return on equity.

Constructive 2016 Rate Order: FPL secured a cumulative $811 million retail base rate increase over January 2017–December 2020, which includes a $200 million rate increase in 2019 for the recently commissioned Okeechobee power plant. The increases are based on an authorized ROE of 10.55%, within a band of 9.6%–11.6%. In addition, FPL can implement base rate increases on investments associated with installation of up to 300MW of solar generation capacity annually over 2017–2020; the solar investments would be subject to a cost cap of $1,750/kW.

To date, approximately 900MW of new solar generating capacity has become operational and the remaining 300MW is expected to be operational in 2020. The settlement also allows FPL to amortize up to $1 billion of depreciation reserve surplus plus $250 million of remaining depreciation reserve surplus under the 2012 rate order to earn a regulatory ROE within the authorized band.

Gulf Power Transformation: Fitch views management's plan to modernize Gulf Power's coal-intensive generation fleet, reduce operating costs and create transmission interconnection with FPL as a positive. Total capex over 2019–2022 is expected to be $2.9 billion–$3.3 billion, which is materially higher than the $961 million spent over 2015–2018. This is expected to drive a 14% CAGR in rate base from 2018 through 2021. Key projects contemplated include 100MW of new generation capacity at the Smith power plant, 223.5MW of utility scale solar at three sites, conversion of the Crist coal plant to natural gas and building a natural gas lateral, and transmission interconnection with FPL's service territory. No regulatory approvals are required for these projects.

Management estimates a 50% drop in fuel and non-fuel O&M costs. These combined with the roll-off of high-cost legacy power purchase agreements will allow Gulf Power to earn a return on its expanded rate base while modestly reducing customer bills. The savings in fuel and operating costs are expected to lead to a 20% reduction, in real dollars from a 2018 baseline, for a typical residential bill by the mid-2020s and drive significant growth in EBITDA and FFO for Gulf Power. This is similar to what FPL has accomplished in its operations. Fitch believes that Gulf Power's targets are achievable, given FPL's track record.

Upside from Integration with FPL: Management is reviewing a potential merger of Gulf Power with FPL. Fitch believes a combination could coincide with completion of the transmission interconnection, expected in late 2021, and Gulf Power's exit from the Southern Company power pool. This could lead to a combined base rate filing in mid-2021 for rates to be effective in January 2022. Fitch believes regulatory approvals will be required from the Federal Energy Regulatory Commission and FPSC. Fitch views any potential combination to be positive for Gulf Power's rating, given that FPL is rated a notch higher.

Significant Renewable Backlog: NextEra maintains its leadership position in the fast-growing renewables sector. The company set a record for renewables origination in 2018, commissioning 2.7 gigawatts (GW) of wind, solar and storage projects and adding approximately 6.5GW to its backlog. As of June 30, 2019, NextEra had 10.8GW of signed contracts for 2019–2022 delivery, excluding build own transfer contracts, which is the largest backlog in its development history and includes approximately 3.2GW of contracts for delivery in 2021–2022. As a result, NextEra expects to spend $25 billion–$28 billion in capital investments in its nonregulated businesses over the next four years.

The renewable pipeline beyond 2020 is weighted toward solar, likely pointing to a waning of wind's attractiveness as production tax credits phase out. Technological developments and falling costs of wind, solar and battery storage present additional growth opportunities, since batteries can be paired with intermittent renewable sources to offer a firm product. Customer appetite for renewables continues to be robust, especially among corporate buyers, which are seeking renewable power purchase agreements to meet carbon-reduction goals.

In-line Credit Metrics: Fitch expects NextEra's FFO-adjusted leverage to be 4.2x–4.4x over 2019–2022, approximately 30bps higher than our prior expectations but well within Fitch's expected range for NextEra to maintain its 'A–' IDR. Fitch expects FFO fixed-charge coverage to be 5.5x–5.8x over 2019–2022.

Parent Subsidiary Linkage: Fitch considers rating linkages between NextEra and subsidiaries FPL and Gulf Power to be weak to moderate. Legal ties are considered weak due to the absence of guarantees and cross-default provisions. Other weak linkage considerations include an authorized regulatory capital structure provision, a maximum debt-to-capitalization ratio in debt indentures, and access to own utility financing. These provide some level of ring-fencing around FPL and Gulf Power. However, operational and strategic ties are strong. Gulf Power's reliance on parent equity infusions to support a heavy capex program over the forecast period supports the weak to moderate rating linkage.

Fitch has applied a bottom-up approach in rating FPL and Gulf Power. Fitch considers FPL and Gulf Power to be stronger entities than their parent due to the low business risk of regulated operations, the strength of their regulatory environment and stronger credit metrics and leverage. Fitch has applied a consolidated approach to rate NextEra. Fitch would generally limit the notching between NextEra and its regulated subsidiaries to one to two notches.

NextEra and NextEra Energy Capital Holdings, Inc.'s IDRs are the same due to strong legal rating linkages. NextEra guarantees all debt at Capital Holdings.

Rating Derivation Relative to Peers

Rating Derivation Versus Peers	
Peer Comparison	NextEra compares favorably with peer parent holding companies Southern Company (BBB+/Negative), Sempra Energy (BBB+/Stable) and Dominion Energy, Inc. (BBB+/Stable), given its ownership of strong regulated utilities in Florida, dominant position in the contracted renewable business and superior credit metrics. This is offset by a smaller proportion of regulated utility operations in the overall business mix. NextEra's proportion of consolidated EBITDA from regulated utility subsidiaries is approximately 70%, which is less than Southern Company's 80%, Sempra's 80% pro forma for the Cameron liquefied natural gas plant completion, and Dominion's 75%. NextEra's projected pro forma FFO-adjusted leverage metrics at 4.2x–4.4x are stronger than the projected metrics of 5.0x for Southern Company by 2021, 4.1x–4.6x at Sempra and 5.0x at Dominion. All of NextEra's peers face project execution risk due to the construction of large projects, which include the Cameron LNG project at Sempra, Atlantic Coast Pipeline at Dominion and Vogtle nuclear plant units 3 and 4 at Southern Company. NextEra also faces headwinds to its Mountain Valley Pipeline project, but this project is relatively less material for NextEra. NextEra's ownership interest in NextEra Energy Partners (NEP) adds to complexity in organizational structure that its peers do not have.

Parent/Subsidiary Linkage	Fitch considers rating linkages between NextEra and FPL and Gulf Power to be weak to moderate. Legal ties are considered weak due to the absence of guarantees and cross-default provisions. Other weak linkage considerations include an authorized regulatory capital structure provision, a maximum debt-to-capitalization ratio in debt indentures and access to own utility financing. These provide some level of ring-fencing around FPL and Gulf Power. However, operational and strategic ties are strong. Gulf Power's reliance on parent equity infusions to support a heavy capex program over the forecast period supports the weak to moderate rating linkage. Fitch has applied a bottom-up approach in rating FPL and Gulf Power. Fitch considers FPL and Gulf Power to be stronger entities than their parent due to the low business risk of regulated operations, strength of their regulatory environment and stronger credit metrics and leverage. Fitch has applied a consolidated approach to rate NextEra. Fitch would generally limit the notching between NextEra and its regulated subsidiaries to one to two notches. NextEra and Capital Holdings' IDRs are the same due to strong legal rating linkages. NextEra guarantees all debt at Capital Holdings.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	No operating environment influence was in effect for these ratings.
Other Factors	Not applicable

Source: Fitch Ratings.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
NextEra Energy, Inc.	A-/Sta	aa	a-	a-	a	a-	bbb	bbb	a-	a-
Dominion Energy, Inc.	BBB+/Sta	aa	a-	bbb+	a-	bbb+	bbb+	bbb	bbb	bbb+
Sempra Energy	BBB+/Sta	aa	a	bbb+	bbb+	bbb+	bbb+	bbb	bbb+	bbb+
Southern Company	BBB+/Neg	AA	a	a-	a-	bbb+	A-	a-	bbb	a-

Source: Fitch Ratings. Importance: Higher, Moderate, Lower

Rating Sensitivities

Developments That May, Individually or Collectively, Lead to a Positive Rating Action

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

Developments That May, Individually or Collectively, Lead to a Negative Rating Action

- Inability to maintain FFO-adjusted leverage of 4.0x–4.4x on a sustainable basis;
- Any deterioration in credit measures that result from increased use of leverage or outsized return of capital to shareholders;
- An aggressive acquisition or financial strategy at NEP, rising conflicts of interest between NextEra and NEP, or predominantly shareholder-focused use of proceeds as NextEra sells assets to NEP;
- A change in strategy to invest in noncontracted renewable, pipeline or electric transmission assets, more speculative assets or a lower proportion of cash flows under long-term contracts;
- Any change in regulatory policies at FPSC or any weakness in the business climate in Florida;
- Changes in tax rules that reduce NextEra's ability to monetize its accumulated production tax credits, investment tax credits and accumulated tax losses carried forward.

Liquidity and Debt Structure

Robust Liquidity: Liquidity is robust, with $8.6 billion of net available liquidity as of June 30, 2018, excluding limited recourse or nonrecourse project financing arrangements. NextEra's ratings reflect the company's strong access to the capital markets, CP market and to banks for both corporate credit and project finance.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3' – ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities with No Refinancing

Liquidity Analysis

(USD Mil.)	12/31/18	6/30/19
Total Cash and Cash Equivalents	5,253	1,019
Short-Term Investments	—	—
Less: Not Readily Available Cash and Cash Equivalents	4,615	0
Fitch-Defined Readily Available Cash and Cash Equivalents	**638**	**1,019**
Availability Under Committed Lines of Credit	6,388	7,323
Total Liquidity	**7,026**	**8,342**
LTM EBITDA After Associates and Minorities	8,316	9,228
LTM FCF	(8,582)	(7,659)

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

Scheduled Debt Maturities

(USD Mil.)	6/30/19
2019	2,217
2020	2,632
2021	3,420
2022	3,687
2023	1,298
Thereafter	20,446
Total	**33,700**

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

Key Assumptions

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

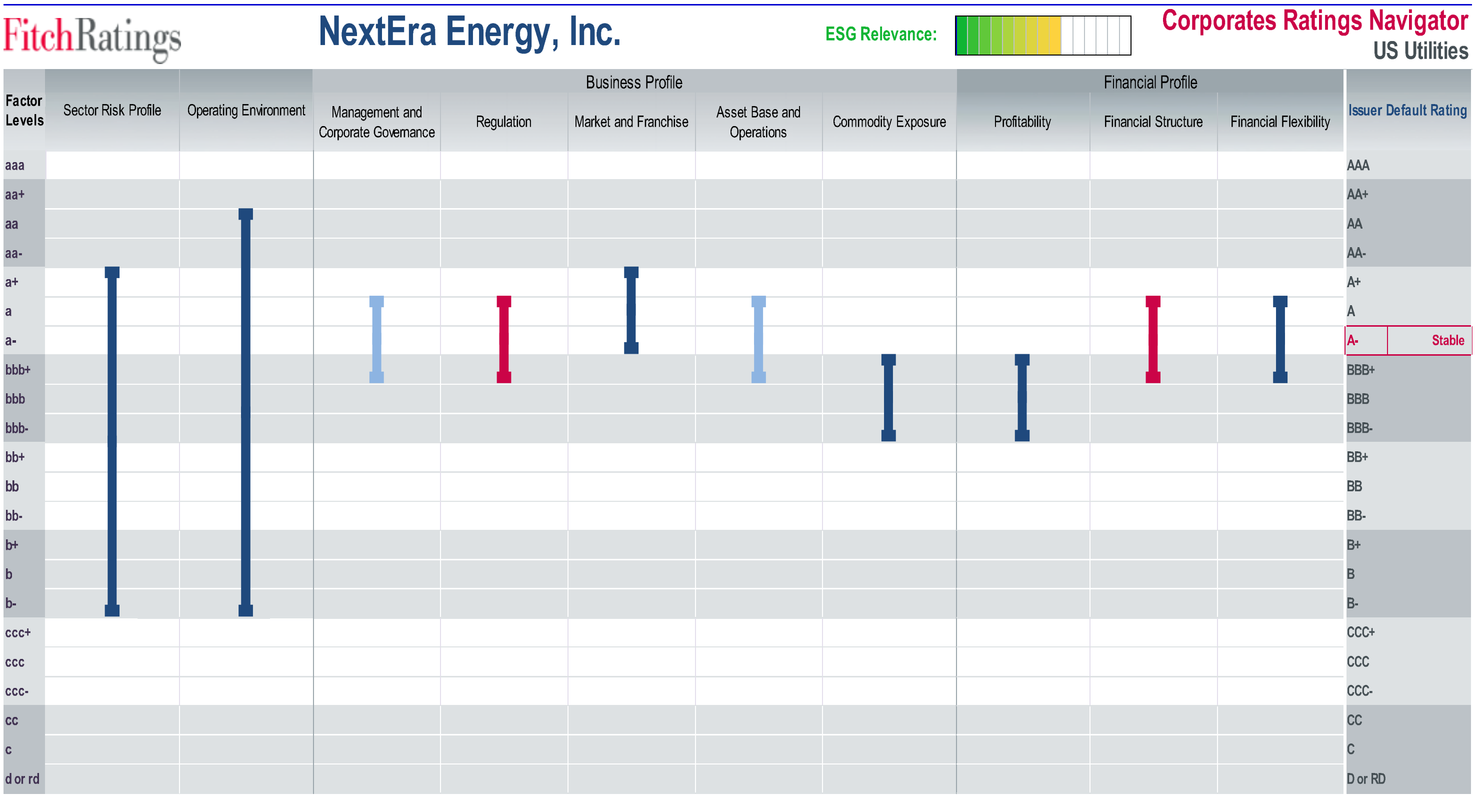
- Annual retail sales growth of 0.5% at FPL over 2019–2021;
- Rate increases for FPL as per 2016 rate order and retention of tax savings;
- O&M and other expenses at FPL are relatively flat in 2019–2021;
- Capex at FPL and Capital Holdings of approximately $40 billion over 2019–2021, split approximately 45%/55% between the businesses;
- Renewable projects growth toward the middle of management's forecasts;
- Balanced funding mix at FPL and reliance on project debt and tax equity at Capital Holdings;
- A $1.5 billion equity unit conversion in 2019;
- Limited commodity exposure based on its existing hedge position;
- At Gulf Power, sales growth of 0.5% annually, capex of $3.2 billion over 2019–2022 funded in a balanced manner, rate changes reflecting the 2017 and 2018 rate orders, and a significant reduction in corporate overhead and O&M expenses in 2019–2022.

Financial Data

(USD Mil.)	Historical			
	Dec 2015	Dec 2016	Dec 2017	Dec 2018
Summary Income Statement				
Gross Revenue	17,414	16,081	17,121	16,653
Revenue Growth (%)	2.8	-7.7	6.5	-2.7
Operating EBITDA (Before Income from Associates)	7,791	7,600	8,540	8,316
Operating EBITDA Margin (%)	44.7	47.3	49.9	49.9
Operating EBITDAR	7,791	7,600	8,540	8,330
Operating EBITDAR Margin (%)	44.7	47.3	49.9	50.0
Operating EBIT	4,646	4,286	5,977	4,239
Operating EBIT Margin (%)	26.7	26.7	34.9	25.5
Gross Interest Expense	-1,330	-1,275	-1,664	-1,608
Pretax Income (Including Associate Income/Loss)	3,990	4,388	4,667	7,352
Summary Balance Sheet				
Readily Available Cash and Equivalents	571	1,292	1,714	638
Total Debt with Equity Credit	29,217	29,650	33,539	36,224
Total Adjusted Debt with Equity Credit	29,217	29,650	33,539	36,335
Net Debt	28,646	28,358	31,825	35,586
Summary Cash Flow Statement				
Operating EBITDA	7,791	7,600	8,540	8,316
Cash Interest Paid	-1,143	-1,204	-1,298	-1,323
Cash Tax	-33	-91	-142	-200
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0
Other Items Before FFO	-349	18	250	475
Funds Flow from Operations	6,266	6,323	7,350	7,268
FFO Margin (%)	36.0	39.3	42.9	43.6
Change in Working Capital	313	-50	495	-693
Cash Flow from Operations (Fitch-Defined)	6,579	6,273	7,845	6,575
Total Non-Operating/Nonrecurring Cash Flow	0	0	0	0
Capex	-8,377	-9,636	-10,740	-13,004
Capital Intensity (Capex/Revenue) (%)	48.1	59.9	62.7	78.1
Common Dividends	-1,385	-1,612	-1,845	-2,101
FCF	-3,183	-4,975	-4,740	-8,530
Net Acquisitions and Divestitures	0	658	1,632	1,617
Other Investing and Financing Cash Flow Items	-326	2,422	-514	-2,450
Net Debt Proceeds	1,444	2,079	3,441	7,569
Net Equity Proceeds	2,059	537	603	718
Total Change in Cash	-6	721	422	-1,076
Calculations for Forecast Publication				
Capex, Dividends, Acquisitions and Other Items Before FCF	-9,762	-10,590	-10,953	-13,488
FCF After Acquisitions and Divestitures	-3,183	-4,317	-3,108	-6,913
FCF Margin (After Net Acquisitions) (%)	-18.3	-26.8	-18.2	-41.5
Coverage Ratios				
FFO Interest Coverage (x)	6.5	6.2	6.6	6.5
FFO Fixed Charge Coverage (x)	6.5	6.2	6.6	6.4
Operating EBITDAR/Interest Paid + Rents (x)	6.8	6.3	6.6	6.2
Operating EBITDA/Interest Paid (x)	6.8	6.3	6.6	6.3
Leverage Ratios				
Total Adjusted Debt/Operating EBITDAR (x)	3.8	3.9	3.9	4.4
Total Adjusted Net Debt/Operating EBITDAR (x)	3.7	3.7	3.7	4.3
Total Debt with Equity Credit/Operating EBITDA (x)	3.8	3.9	3.9	4.4
FFO Adjusted Leverage (x)	3.9	4.0	3.9	4.2
FFO Adjusted Net Leverage (x)	3.9	3.8	3.7	4.2

Source: Fitch Ratings, Fitch Solutions.

Ratings Navigator



FitchRatings

NextEra Energy, Inc.

Corporates Ratings Navigator
US Utilities

Operating Environment

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

Management and Corporate Governance

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

Regulation

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

Market and Franchise

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

Asset Base and Operations

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

Commodity Exposure

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

Profitability

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

Financial Structure

a+	Lease Adjusted FFO Gross Leverage	a	3.5x
a	Total Adjusted Debt/Operating EBITDAR	bbb	3.75x
a-			
bbb+			
bbb			

Financial Flexibility

a+	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
a	Liquidity	a	Very comfortable liquidity. Well-spread maturity schedule of debt. Diversified sources of funding.
a-	FFO Fixed Charge Cover	a	5.0x
bbb+			
bbb			

Credit-Relevant ESG Derivation

NextEra Energy, Inc. has 12 ESG potential rating drivers

- Emissions from operations
- Fuel use to generate energy and serve load
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security

Show ing top 6 issues

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

For further details on Credit-Relevant ESG scoring, see page 3.

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

Navigator Version: RN 2.1.12.0

FitchRatings

NextEra Energy, Inc.

Corporates Ratings Navigator
US Utilities

Credit-Relevant ESG Derivation

NextEra Energy, Inc. has 12 ESG potential rating drivers

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

Showing top 6 issues

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

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability	5
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability	4
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability	2
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability	3
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations	2
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

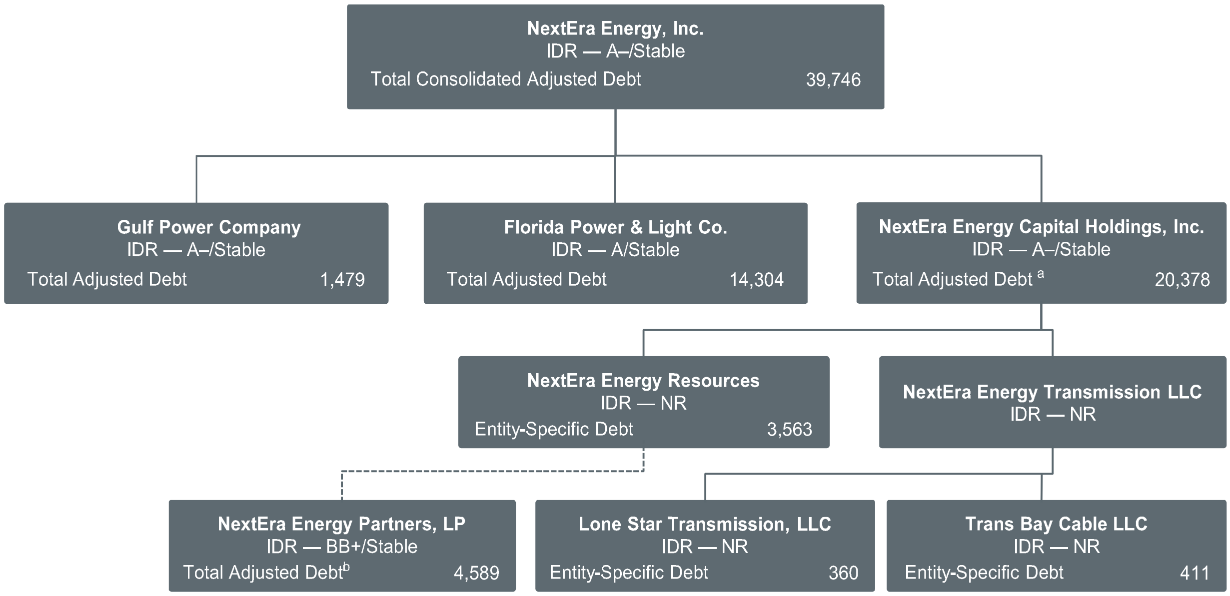
CREDIT-RELEVANT ESG SCALE

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

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

Simplified Group Structure Diagram

Organizational Structure — NextEra Energy, Inc.
($ Mil., as of June 30, 2019)



[a]NextEra Energy Capital Holdings' total adjusted debt includes $360 million and $411 million of debt related to Lone Star Transmission and TransBay Cable, respectively. In addition, Fitch allocates 50% equity credit to NextEra Energy Capital Holdings' junior subordinated debt. [b]NextEra Energy has, through NextEra Energy Resources, an ownership interest in NextEra Energy Partners, LP. However, NextEra Energy Partners is not part of the consolidated NextEra Energy organization, and is a separate, publicly traded entity. Thus, Fitch excludes NextEra Energy Partners' debt from the consolidated NextEra Energy debt total.
IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (USD Mil.)	FFO (USD Mil.)	FFO Fixed Charge Coverage (x)	FFO Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
NextEra Energy, Inc.	A–						
	A–	2018	16,653	7,268	6.4	4.2	4.4
	A–	2017	17,121	7,350	6.6	3.9	3.9
	A–	2016	16,081	6,323	6.2	4.0	3.9
Sempra Energy	BBB+						
	BBB+	2018	11,687	3,280	3.8	5.8	6.1
	BBB+	2017	11,207	3,398	5.1	4.7	5.1
	BBB+	2016	10,183	2,595	4.5	5.3	5.9
Dominion Energy, Inc.	BBB+						
	BBB+	2018	13,366	5,097	4.2	5.3	5.9
	BBB+	2017	12,586	4,795	4.5	6.1	5.8
	BBB+	2016	11,737	4,212	4.3	6.4	6.3
The Southern Company	BBB+						
	BBB+	2018	23,495	6,516	4.1	5.5	6.0
	A–	2017	23,031	7,225	4.7	5.5	5.4
	A–	2016	19,896	4,395	4.1	8.3	5.6

Source: Fitch Ratings, Fitch Solutions.

Reconciliation of Key Financial Metrics

(USD Mil., as reported)	31 Dec 2018
Income Statement Summary	
Operating EBITDA	8,316
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	**8,316**
+ Operating Lease Expense Treated as Capitalised (h)	**14**
= Operating EBITDAR after Associates and Minorities (j)	**8,330**
Debt & Cash Summary	
Total Debt with Equity Credit (l)	**36,224**
+ Lease-Equivalent Debt	111
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	**36,335**
Readily Available Cash [Fitch-Defined]	638
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash & Equivalents (o)	**638**
Total Adjusted Net Debt (b)	**35,697**
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	**0**
Interest Received	51
+ Interest (Paid) (d)	**(1,323)**
= Net Finance Charge (e)	**(1,272)**
Funds From Operations [FFO] (c)	**7,268**
+ Change in Working Capital [Fitch-Defined]	(693)
= Cash Flow from Operations [CFO] (n)	**6,575**
Capital Expenditures (m)	**(13,004)**
Multiple applied to Capitalised Leases	**8.0**
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	**4.4**
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	**4.2**
Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	**4.4**
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	**4.3**
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	**4.2**
Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	**-5.5**
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	**6.2**
Op. EBITDA / Interest Paid* [x] (k/(-d))	**6.3**
FFO Fixed Charge Cover [x] ((c+e+h-f)/(-d+h-f))	**6.4**
(FFO + Net Finance Charge + Capit. Leases - Pref. Div Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)	
FFO Gross Interest Coverage [x] ((c+e-f)/(-d-f))	**6.5**
(FFO + Net Finance Charge - Pref. Div Paid) / (Gross Int. Paid - Pref. Div. Paid)	

* EBITDA/R after Dividends to Associates and Minorities

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

Fitch Adjustment Reconciliation

(USD Mil.)	Reported Values 31 Dec 18	Sum of Fitch Adjustments	Adjusted Values
Income Statement Summary			
Revenue	16,727	(74)	16,653
Operating EBITDAR	8,390	(60)	8,330
Operating EBITDAR after Associates and Minorities	8,390	(60)	8,330
Operating Lease Expense	0	14	14
Operating EBITDA	8,390	(74)	8,316
Operating EBITDA after Associates and Minorities	8,390	(74)	8,316
Operating EBIT	4,243	(4)	4,239
Debt & Cash Summary			
Total Debt With Equity Credit	37,712	(1,488)	36,224
Total Adjusted Debt With Equity Credit	37,712	(1,377)	36,335
Lease-Equivalent Debt	0	111	111
Other Off-Balance Sheet Debt	0	0	0
Readily Available Cash & Equivalents	638	0	638
Not Readily Available Cash & Equivalents	0	4,615	4,615
Cash-Flow Summary			
Preferred Dividends (Paid)	0	0	0
Interest Received	51	0	51
Interest (Paid)	(1,209)	(114)	(1,323)
Funds From Operations [FFO]	7,286	(18)	7,268
Change in Working Capital [Fitch-Defined]	(693)	0	(693)
Cash Flow from Operations [CFO]	6,593	(18)	6,575
Non-Operating/Non-Recurring Cash Flow	0	0	0
Capital (Expenditures)	(13,004)	0	(13,004)
Common Dividends (Paid)	(2,101)	0	(2,101)
Free Cash Flow [FCF]	(8,512)	(18)	(8,530)
Gross Leverage			
Total Adjusted Debt / Op. EBITDAR* [x]	4.5		4.4
FFO Adjusted Leverage [x]	4.5		4.2
Total Debt With Equity Credit / Op. EBITDA* [x]	4.5		4.4
Net Leverage			
Total Adjusted Net Debt / Op. EBITDAR* [x]	4.4		4.3
FFO Adjusted Net Leverage [x]	4.4		4.2
Total Net Debt / (CFO - Capex) [x]	-5.8		-5.5
Coverage			
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	6.9		6.2
Op. EBITDA / Interest Paid* [x]	6.9		6.3
FFO Fixed Charge Coverage [x]	7.0		6.4
FFO Interest Coverage [x]	7.0		6.5

*EBITDA/R after Dividends to Associates and Minorities
Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

Related Research and Applicable Criteria

Fitch Affirms NextEra Energy and Subsidiaries' Ratings; Outlook Stable (October 2019)
Corporate Rating Criteria (February 2019)
Corporates Notching and Recovery Ratings Criteria - Effective from 23 March 2018 to 14 October 2019 (March 2018)
Parent and Subsidiary Rating Linkage - Effective from 16 July 2018 to 27 September 2019 (July 2018)

Analysts

Shalini Mahajan
+1 212 908-0351
shalini.mahajan@fitchratings.com

Jodi Hecht
+1 646 582-4969
jodi.hecht@fitchratings.com

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

C-7: CREDIT REPORT

Not Applicable - Please refer to Exhibit C-6 for information on the credit ratings of NextEra Energy Inc.

C-8: BANKRUPTCY INFORMATION

There are no reorganizations, protection from creditors or any other form of bankruptcy filings made by Frontier Utilities Northeast, LLC ("Frontier"), a parent or affiliate organization that guarantees the obligations of Frontier or any officer of Frontier in the current year or within the two most recent years preceding the application.

C-9: MERGER INFORMATION

On April 1, 2019, NextEra Energy Services, LLC acquired 100% of the legal entity and business operations of Frontier Utilities Northeast, LLC ("Frontier").

Frontier will continue conducting business as Frontier Utilities Northeast, LLC. 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 Frontier's officers. Please see Exhibit A-10 for an updated list of officers.

C-10: CORPORATE STRUCTURE

Frontier Utilities Northeast, LLC and its affiliates engage in the competitive retail sale of electricity throughout the United States, as further set forth in Exhibits B-2, D-1 and D-2. Frontier is an affiliate of NextEra Energy Inc., which, through its affiliates and subsidiaries, provides wholesale electric services throughout the United States.

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
Premier Power Solutions, LLC
Usource, L.L.C.
NextEra Energy Marketing, LLC

Further information may be obtained at www.nexteraenergyresources.com.

D-1: OPERATIONS

Frontier Utilities Northeast, LLC's ("Frontier") operations do not include generation of power for retail sales. Frontier' power supply obligations, including all scheduling and balancing, is managed by its affiliate, NextEra Energy Marketing, Inc. ("NEM"), through its settlement accounts with the PJM, MISO, and NEPOOL. NEM is a member of PJM, MISO, and NEPOOL and performs the bidding and scheduling for approximately 19,060 MWs owned by NextEra Energy Inc. affiliates throughout the United States. NEM serves Frontier Utilities Northeast, LLC's supply obligations through a combination of third party bilateral purchase transactions, supplies from NextEra Energy Inc. affiliate's portfolio of generation assets located in the Midwest and spot market purchases from PJM, MISO and NEPOOL. Frontier utilizes a strict load hedging program, as customers are acquired, performs load analyses and forecasts to project customers' expected usage and hedging requirements. The supplies to hedge the load is purchased from third parties or supplied from NextEra Energy Inc. affiliates' generation assets located within PJM, MISO and NEPOOL. Daily balancing of the load and supply will be managed by NEM by way of purchases and sales through the PJM, MISO and NEPOOL daily and hourly markets.

D-2: OPERATIONS EXPERTISE

Please refer to Exhibit B-2 which details the substantial experience of Frontier Utilities Northeast, LLC's ("Frontier") management and affiliates in the competitive retail electricity supply market. Specifically, as provided in those Exhibits, Frontier and its' affiliate based in Houston, Texas, have over 300 employees. Frontier and its affiliates serves over 950,000 residential and commercial customers in 25 competitive markets across the United States. As a company, its affiliates has been engaged in the competitive sale of retail electricity in Texas since 2008.

As a result, Frontier affiliates have developed substantial experience and expertise in all facets of competitive retail electricity supply including, among other things, enrolling and switching customers, developing market-driven, competitive products, call center operations, billing, invoicing and record-keeping, forecasting and hedging, customer service, data and information exchange and coordination with utilities, and through its affiliate, NEM, as explained in Exhibit D-1, management of power supply obligations, including all scheduling and balancing.

D-3: KEY TECHNICAL PERSONNEL

Frontier Utilities Northeast, LLC's key technical personnel's names, titles, e-mail addresses, telephone numbers. Please see attached bios of key technical personnel.

- Grit Farrell, Vice President of Supply & Load Forecasting
  grit.farrell@nexteraenergyservices.com
  713.401.5713

- Jason Wasserman, Vice President & General Manager
  jason.wasserman@frontierutilities.com
  281.247.1844

- Kenneth Matula, Vice President of Operations
  kenny.matula@nexteraenergyservices.com
  713.401.5651

Grit Farrell

SUMMARY

Extensive experience in both retail and wholesale power markets including ERCOT, PJM, ISO NE. Expertise in managing retail supply risk, compliance with state regulations for renewable energy credits, load forecasting, and asset management. Acknowledged for being a hard working, detail-oriented, fast learning professional with great initiative, excellent analytical and communication skills.

PROFESSIONAL EXPERIENCE

GEXA ENERGY, HOUSTON, TX

VICE PRESIDENT, SUPPLY AND LOAD FORECASTING — ***2018 - CURRENT***

Responsible for managing company's retail supply and load forecasting functions across North America

- Manage company's commodity risk in deregulated power markets, including ERCOT, PJM, ISO NE
- Lead short- and long-term energy commodity forecasting function of Gexa's competitive retail load across U.S. markets
- Responsible for regulatory compliance of state renewable energy programs

DIRECTOR, RETAIL SUPPLY — ***2015 - CURRENT***

Managed seasonal supply risk exposure in ERCOT and Northeast markets

- Modeled and quantified energy and capacity risk exposure from adverse weather and price events
- Recommended and implemented tail risk hedges to limit company's commodity's risk exposure
- Completed retirement and compliance filings for state renewable energy programs

DIRECTOR, NEW MARKETS AND PERFORMANCE IMPROVEMENT — ***2013 - CURRENT***

Improved capability to serve large customers on complex product structures

- Developed new pass through products for a large customers in ERCOT, PJM and MISO
- Lead project to re-platform back office system

NRG ENERGY (FORMERLY GENON ENERGY, RRI ENERGY, RELIANT ENERGY), HOUSTON, TX

DIRECTOR, PJM WEST — ***2008 - 2013***

Managed commercial optimization of 17 power plant stations in the PJM and MISO power markets. Developed energy and capacity offer strategies. Identified and managed risk.

- Developed a structured approach to making best optimization decisions based on market conditions, plant availability, and market rules with the result of regularly exceeding group's goals
- Effectively procured gas for gas assets to ensure reliability, minimize imbalances charges, and maximize profits

NRG ENERGY (FORMERLY GENON ENERGY, RRI ENERGY, RELIANT ENERGY), HOUSTON, TX

ENERGY PORTFOLIO OPTIMIZATION MANAGER — ***2005 - 2008***

Optimized RRI's 8,200 MW generation portfolio in the Northeast and Midwest. Responsible for capacity market activities.

- Accurately offered energy and capacity products into the PJM and MISO power markets avoiding exposure to liability and loss

SENIOR STRUCTURING ANALYST - RETAIL GROUP — ***2004 - 2005***

Provided product and structuring support to Reliant's large C&I sales force.

COMMODITY ANALYST - RETAIL GROUP ***2002 - 2004***

Supported Retail market expansion into PJM. Responsible for pricing large commercial and industrial retail deals in ERCOT and PJM markets.

BUSINESS ANALYST- RETAIL GROUP ***2002***

Developed Cash Flow Models and performed profitability analysis for capital projects for the Energy Services group.

EDUCATION

UNIVERSITY OF HOUSTON, *Houston, TX*

- BBA, Summa Cum Laude, Major: Finance, May, 2002 GPA 3.98/4.0 ***2002***
- Outstanding Undergraduate Student of 2002, Bauer College of Business
- Advanced Certificate of Professional Selling, *Program for Excellence in Selling*

UNIVERSITAET PASSAU, *Passau Germany* ***1997 - 1998***

LANGUAGES

English, German (native language)

JASON P. WASSERMAN

SENIOR MANAGEMENT EXECUTIVE

P&L Managment | Mergers & Acquisitions | Private Equity | Strategy Development | Capital Allocation

Senior leader with a successful, proven track record of recruiting, developing and retaining high performing teams to exceed targets in both domestic and international operations.

KEY AREAS OF EXPERTISE

- P&L Management
- Private Equity
- Capital Allocation
- Planning & Analytics
- Decision Support
- Negotiation
- Employee Engagement
- Employee Recruitment
- International Operations
- Outsourcing
- Cross-Functional Leadership
- Business Development
- Mergers & Acquisitions
- Due Diligence
- Integration
- Product & Pricing Strategy
- New Market Entry
- Competitor Analytics

PROFESSIONAL EXPERIENCE

FRONTIER UTILITIES, Houston, Texas 2015-Present

Vice President & General Manager

- Led and managed the sale process of private equity owned Frontier Utilities to the largest publicly traded utility in the world. Sale closed in April of 2019 at an industry high trailing multiple of 7.4X EBITDA.
- Increased annual EBITDA by over 5.8X through a strategic shift in the business on highest value opportunities for growth and enabled business to redeploy additional cash flow into accelerated growth.
- Delivered total margin increase of 86% through organic growth and by implementing behavior-based fees and developing a new product line that outperforms traditional product unit margins by 30%.
- Grew customer counts by 36% through new market entries, launching new product structures and increasing partner sales at an attractive ROI.
- Managed cash flow and lending covenants through summer of 2018 when ERCOT peak pricing increased dramatically. Shifted organic sales efforts and Texas margins to ensure adequate liquidity and covenant compliance while ensuring that no additional capital was required from equity holders.
- Transitioned to a new credit and supply facility in January 2018 and supported the negotiations by stress testing all covenants and proposing structures that would not limit long term strategic plans.

DIRECT ENERGY *(CENTRICA PLC)*, Houston, Texas 2011-2015

Alberta Operations Director 2014-2015

- Recruited and hired a team of 10 operations professionals in 4 months prior to SAP implementation for vendor management of global outsourcing agreement with HCL for all customer care and billing functions for over 1 million retail gas and electric customers in Alberta, Canada with indirect management for over 300 call center and back office agents across Houston, Guatemala and the Philippines.
- Delivered top quartile employee engagement scores, retained all 10 direct reports and promoted one individual into a management role during high-stress post-implementation period on new SAP platform.
- Executed over 60 BPO/Application enhancements during the first year of operations on the new SAP platform with changes spanning new product launches, incremental controls, regulatory required changes and improvements to the customer experience. Change agenda delivered on-time and under the $2 million budget while simultaneously managing post-implementation break-fix issues.
- Delivered on budget performance of $42 million in total operational spend during the first 12 months of post-implementation of the new SAP platform and outsource provider.
- Achieved desired outcome in the regulated rate application regarding cost recovery of the new SAP platform which will deliver upside of $50 million in profitability over the life of the platform. Individually responsible for delivery of oral and written testimony for all operational items as key contributor on team delivering the regulated rate filing.

CENTRICA Energy *(CENTRICA PLC),* Windsor, United Kingdom
Business Development Director 2013-2014

- Initiated a multi-month strategic review of Centrica's UK gas-fired generation fleet and gained internal consensus in a cross-functional matrix organization that led to the Centrica Board approval to actively market the sale of 4 plants in the existing fleet with a book value in excess of £500 million. Due to the depressed market conditions that played a significant role in the decision to market the assets the offers from the market were not in excess of the hold valuations for the assets.
- Developed a strategy paper that was presented to the Centrica Executive Committee for a £300 million gas-fired power plant acquisition opportunity in the UK.
- Led the sale efforts for a retired power plant that was being marketed as a redevelopment opportunity that could be bid in the UK's new capacity market. Negotiated terms with multiple parties, however potential buyers were unable to offer a price in excess of the £2 million internal hold valuation of the asset.
- Developed and wrote a strategy paper on a tolling agreement that had a MTM loss of £105 million over the balance of the contract. Executive leadership wanted to restructure the deal with the existing counterparty or pay a third party to take over the deal, however the contractual and financial review of the agreement yielded the conclusion that neither option would yield a lower loss over the balance of the contract.

DIRECT ENERGY *(CENTRICA PLC),* Houston, Texas
Commercial Director – Midwest Residential 2011-2013

- Led the successful integration of the $39 million, 280,000 customer Vectren Source acquisition in just 6 months by exceeding profitability targets by over 80% and exceeding customer count targets by over 30,000 while maintaining a top quartile employee engagement score with a transitional team consisting over of 7 direct reports and over 40 indirect reports.
- Entered 4 new markets in 2012/13 within assigned geography leading to growth of 35,000 customers and adding customer lifetime value of over $8.8 million to the P&L.
- Delivered $18 million in gross margin above 2013 plan targets through optimization of pricing based on total customer bill size while delivering on the customer retention plan for the year.
- Delivered $5 million of Opex savings in 2013 through strategic review of expenses that led to an optimization of acquisition channel mix across territories while delivering on sales targets.
- Transitioned a team of 4 managers and 4 analysts from Pittsburg to Houston as part of a corporate restructuring and rehired for all positions in Houston as existing team members were unwilling to locate. During this transition in 2012 profitability targets were exceeded by over 20% and customer count targets were exceeded by 15%.
- Delivered advocacy for improved market structures for competition in utility billed markets through presentations to politicians and regulators as well as advocacy for energy efficiency and community investment through both live and recorded media on radio and television in addition to public speaking at live events.

SPARK ENERGY, Houston, Texas 2010-2011
Senior Manager – Retail Power Pricing & Product Strategy

- Established and centralized the retail pricing function and team of 5 for the organization that previously resided within multiple areas of the wholesale organization. Delivered go-to-market product and pricing strategy to ensure that financial targets and customer sales and retention objectives were achieved in ERCOT, PJM, NEPOOL and NYISO.
- Achieved growth of 70,000 customers over 12 months through targeted new market entries along with optimizing product and pricing mix supported by detailed analytics of competitor and utility default pricing. Total customer growth added customer lifetime value of over $17.5 million to the P&L.
- Valued, performed due diligence, and acquired and integrated 6,200 ERCOT customers from a competitor portfolio.
- Delivered financial models and projections for midstream gas assets in support of securing new $150 million working capital facility and $130 million term loan.

DIRECT ENERGY *(CENTRICA PLC),* Houston, Texas 2006-2010
Finance Manager 2009-2010

- Hired, developed and managed a new team of three analysts, after an organizational restructuring, that had responsibility for a P&L with over $40 million in annual EBIT spanning 25 plus utility billed markets across PJM, NEPOOL and NYISO.
- Implemented an improved planning process by leveraging customer lifetime valuation model developed in previous role which ensured consistency in planning and decision support forecasts, reduced planning cycle time by 40% and increased accuracy by eliminating multiple Excel models with linking and timing dependency risks.

Senior Analyst 2009

- Developed a lifecycle valuation model for retail customers to ensure optimal allocation of over $60 million in annual acquisition spend across 50 plus unique markets to maximize return on investment. Created a standardized methodology to evaluate all unique markets on a consistent set of inputs and outputs.
- Led valuation work stream for $175 million M&A opportunity utilizing the lifecycle valuation model along with performing due diligence on customer contracts and existing margin under contract.

- Led financial analysis for three new retail market entries utilizing lifecycle valuation model and presented results to senior management, gaining approval to enter all three markets.

Senior Analyst & Originator 2006-2009

- Structured and valued a buy side, 6 year, 300 MW tolling agreement in ERCOT that Direct Energy entered into during 2007 with a projected NPV in excess of $20 million.
- Responsible for financial modeling of the 50/50 joint development of a power plant in ERCOT which received Centrica Executive Committee approval to enter into binding agreement with the development partner.
- Built a capital maintenance model in Excel for the GE 7F gas turbine to accurately forecast tens of millions of CAPEX investment over the asset's life based on market dispatch based modeling.
- Identified and arranged multiple alternatives for gas supply to a south Texas power plant development project.
- Established and managed relationships with third parties involved in gas storage and transportation.
- Assessed the economic impact of proposed origination transactions on existing assets and positions.
- Valued a portfolio of power assets utilizing spread-option and fully integrated cash flow modeling as part of a project team focused on a $1 billion plus acquisition.

US ONCOLOGY, Houston, Texas 2005-2006

Valuations Analyst

- Lead analyst for three deals that received approval by the capital expenditure committee. Worked in conjunction with the business development team to provide financial evaluation, due diligence and deal structuring for acquisition of physician practices.

MARATHON OIL CORPORATION, Houston, Texas & Findlay, OH 2002-2005

Advanced Financial Analyst, Houston, TX 2004-2005

- Developed and executed a plan to hedge over $1 billion of foreign currency exposure across multiple projects and currencies and ensuring that offsetting positions were netted internally to avoid paying bid/ask on multiple transactions.
- Developed a model in Excel to evaluate the tender and refinancing of over $1.2 billion of existing debt for the acceleration of tax benefits.

Advanced Financial Analyst, Findlay, OH 2003 – 2004

- Implemented and tested SuperTrump buy vs. lease analysis software for the Financial Analysis & Leasing group and trained coworkers on use and functionality.
- Developed analytical models and worked with senior leadership to gain approval to purchase over $3 million in new computer hardware as part of upgrade cycle.
- Developed analytical models and supported Procurement in the successful transition to a new auto fleet provider for 1,000 plus vehicle fleet.
- Developed analytical models for three separate refinery acquisitions with bid values totaling $1.4 billion dollars in addition to providing financial due diligence support during second round bidding. Additionally developed models for the potential acquisition of over 50 retail convenience stores.
- Managed all employee fundraising events for the United Way Campaign Kickoff in 2003.

Financial Analyst, Findlay, OH 2002 – 2003

- Constructed and administered the new shared service module in Cognos for all downstream operations.
- Forecasted and budgeted for downstream operations portfolio with a focus on refining and convenience store assets.

EDUCATION

Masters of Business Administration, Organizational Leadership, University of Findlay, Findlay, OH
Bachelor of Science in Business Administration (specialization Finance), Bowling Green State University, Bowling Green, OH

PROFESSIONAL DEVELOPMENT

American Management Association's Course on Financial Analysis
Media Training
The Gap Partnership's Negotiation Course
Witness Preparation Training

KENNETH J. MATULA

CAREER SUMMARY

Creative, confident and high performing executive leader with 18 plus year's competitive retail energy experience, building new markets, driving revenue growth, and improving market positioning. Successful in start-up, turn around and high growth markets across diverse business segments. Major strengths include:

 Executive Leadership Operations & Systems
 Business Strategy & Planning Business Transformation & Culture
 New Market Development Channel Development
 Business Partnering & Alliances Customer Experience

PROFESSIONAL EXPERIENCE

CONSTELLATION ENERGY, Houston, Texas **2004-2013**

Senior Vice President – Mass Markets Segment (2010- Present)

Responsible for leading the Mass Market business segment for North America focusing on residential and small commercial customers. Manage all aspects of the day to day business including P&L responsibility, strategic & financial planning, sales, marketing, pricing & forecasting, business reporting & analytics and operational aspects of the business.

- Started the company's first mass market business in 2010 and grew it into the 7th largest national mass market business within the retail energy segment with over 1M residential and 100K small commercial customers.
- Built business model and capabilities to support business growth in 16 different states in 60 electric & natural gas markets including business & financial analytics, sales capabilities, marketing, branding and front office operations & systems.
- Implemented integrated campaign management structure with specific strategies focused on residential and small commercial acquisition, retention and lifecycle management. Included customer segmentation, offer development, product positioning, sales channel strategy, and campaign performance & analytics
- Commercial lead for the mergers & acquisitions due diligence team that successfully completed the acquisitions of MX Energy and StarTex Power.
- Led the business integration including platform integration, organization realignment, real estate, data warehouse migration realizing business synergies of $30M.

Senior Vice President – Commercial & Industrial Business Segment (2008-2010)

Responsible for leading the commercial and industrial business segment for the retail business. Duties included P&L responsibility, strategic & financial planning, sales, marketing and sales support.

- Took on additional responsibility for leading the company's underperforming commercial and industrial segment successfully turning around the business performance by achieving 110% of plan in 2008, 120% of plan for 2009 and 115% of plan for 2010.
- Developed and implemented sales and sales management training programs resulting in improved sales performance and sales management effectiveness. Sales training program later adopted as the model across the entire retail business.

- Developed and implemented alternative sales channel strategy decreasing cost of acquisition and retention, while increasing customer satisfaction and sales force effectiveness.
- Site leader for Houston based retail operations and employees responsible for business continuity, office, office management, site meetings, and employee & community events

Vice President – Small & Medium Business Segment (2007-2010)
Responsible for leading the small & medium business segment for the retail business. Duties included P&L responsibility, strategic & financial planning, sales, marketing, and operations.

- Developed and implemented the company's national business strategy for expanding the small & medium business segment for the retail business achieving 102% of plan for 2007, 115% of plan for 2008, and 105% of plan for 2009.
- Successfully developed and implemented new sales channels (telesales, inside sales, direct sales) and marketing capabilities to support customer acquisition, retention and cross/upsell activities. Included vendor contract negotiations & onboarding, sales training, sale coaching, sales reporting & performance metrics, and sales operations
- Implemented new transactional web based sales and customer care model including daily pricing matrixes, automated credit checks, paperless contracts, and customer self service portal.
- Retail commercial lead for $250M company sponsored Siebel CRM project responsible for defining the business and platform requirements to support retail sales and marketing functions.

Director – Small & Medium Business Segment (2005-2006)
Responsible for leading the small & medium business segment for the Texas retail business. Duties included strategic & financial planning, sales, marketing and sales operations.

- Developed and implemented the company's small & medium business strategy for the Texas market achieving 110% of plan for 2005 and 125% of plan for 2006

Senior Business Development Manager – Commercial & Industrial Segment (2004-2005)
Responsible for business development targeting commercial & industrial customers in the Texas. Duties included prospecting, pipeline management, product & risk management strategies, presentations, contract negotiations, and account management.

- Came to Constellation as an individual contributor and exceeded sales quota for 2005 (103%) & 2006 (120%).
- Key accounts included McDonalds, Texas Medical Center, Enterprise Products, Anadarko, and Praxair

RELIANT ENERGY, INC., Houston, Texas **1996 -2004**
Director Business Development (2001-2004)
Responsible for leading the business services sales team targeting commercial business segment for Texas. Duties include developing & implementing direct sales & marketing strategy for the Texas retail electric market. Drove market development, product positioning, and sales execution strategies and tactics, risk management, legal, operations, credit, marketing communications.

- Created, trained and managed direct sales teams consisting of seven regional sales offices and 65 direct sales representatives and support staff targeting the TXU, CPL, WTU, and TNP utilities in ERCOT.
- Responsible for managing the CNP PTB account base with a designated account management group.

Group was responsible for working with high value customers through retention based activities, crossing selling non-commodity products & services, and providing differentiated levels of customer service.

- Responsible for managing sales channel for aggregators and brokers. Negotiated strategic agreements between Reliant Energy and third-party aggregator & brokers to sell energy products to end-use business customers, developed operational process & procedures, and sales tracking.

Manager - Strategic Planning & Development (1999-2000)

- Coordinated the sell of external customer book of business & physical assets which included operational transfer & enrollment of transitioned customer accounts, development & execution of customer communication program, and book of business valuation.
- Member of the team responsible for the development and implementation of sales & marketing plan for Texas Retail Pilot Program.
- Managed direct & indirect third party vendors (telemarketing, D2D, channel partners). Responsibilities included vendor contract negotiations, sales training, sale coaching, sales reporting & performance metrics, and sales operations.
- Member of the PUCT Pilot Implementation Committee responsible for the Texas Retail Pilot Program structure and regulatory guidelines.

Manager - Commercial & Industrial Sales (1996-1999)

- Developed, trained and managed direct sales team consisting of 15 sales representatives targeting out of state deregulated electric and natural gas utilities. Deregulated energy markets included natural gas & electric utilities in Ohio, New Jersey, New York, Pennsylvania, Connecticut, Rhode Island, California and Georgia.
- Sales teams targeted medium to large commercial and industrial customer segment selling semi-configured and customized energy products and services.
- Developed sales training materials & trained sales staff on commodity products & services, utility rate & tariff analysis, telephone selling skills & techniques, and competitive selling strategies.
- From 1996 through 1999, the direct sales team rank number 1 out 5 regional offices, accounting for over 58% of the deal closures and 52% of the booked & term gross margin for the department.

EDUCATION

TEXAS STATE UNIVERSITY, San Marcos, Texas
Bachelor of Business Administration – Finance 1991

AFFILIATIONS

National Energy Marketer's Association (NEM)
Gulf Coast Power Association (GCPA)
Customer Experience Professionals Association (CXPA)
Candelighters Childhood Family Alliance – Board Member
Marnie Rose Foundation – Advisory Board

D-4: FERC POWER MARKETER LICENSE NUMBER

Please see Exhibit D-1. The FERC Order Accepting for Filing Proposed Market-Based Rates of NextEra Energy Power Marketing, Inc., formerly FPL Energy Power Marketing, Inc., is attached hereto.

85 FERC ¶ 61,214

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
Vicky A. Bailey, William L. Massey,
Linda Breathitt, and Curt Hébert, Jr.

FPL Energy Maine Hydro, Inc.	)	Docket Nos. ER98-3511-000,
FPL Energy Mason, LLC	)	ER98-3562-000,
FPL Energy Wyman, LLC	)	ER98-3563-000,
FPL Energy Wyman IV, LLC	)	ER98-3564-000,
FPL Energy AVEC, LLC	)	ER98-3565-000 and
FPL Energy Power Marketing, Inc.	)	ER98-3566-000

ORDER ACCEPTING FOR FILING
PROPOSED MARKET-BASED RATES

(Issued November 12, 1998)

In this order, we accept for filing, without suspension or hearing, the proposed market-based power sales rates filed by FPL Energy Maine Hydro, Inc. (Maine Hydro), FPL Energy Mason, LLC (Mason), FPL Energy Wyman, LLC (Wyman), FPL Energy Wyman IV, LLC (Wyman IV), FPL Energy AVEC, LLC (AVEC) (collectively, Affiliates), and FPL Energy Power Marketing, Inc. (FPL Energy Power Marketing, Inc.; collectively with Affiliates, Applicants).

Background

On June 26, 1998, as amended on September 4, 1998, and September 15, 1998, Applicants 1/ filed proposed rate schedules seeking approval to make sales of power at market-based rates and to provide certain ancillary services to New England Power Pool (NEPOOL) at market-based rates. 2/ Applicants request that the

1/ Applicants are wholly-owned subsidiaries of FPL Energy Maine, Inc. and are affiliated with Florida Power & Light Company (FPL). FPL Energy Maine, Inc. was formed on January 5, 1998 to acquire certain of the generating assets being sold by Central Maine Power Company, The Union Water-Power Company, Cumberland Securities Corporation, and Central Securities Corporation (collectively, Central Maine) as part of a divestiture plan.

2/ For most of the Applicants, these sales will be made from facilities which are the subject of an application, submitted by Central Maine, FPL Energy Maine, Inc., and Affiliates (to be addressed in a future order in Docket Nos.
(continued...)

Commission grant any waivers necessary to permit the market-based rate schedules to become effective upon the closing of the transaction between Central Maine and FPL Energy Maine, Inc. 3/ Applicants' request to sell ancillary services at market-based rates will be addressed in a future order in Docket No. OA97-237-000 (concerning a similar request by NEPOOL for market-based rates for ancillary services), as they request.

Notice, Interventions and Protests

Notice of Applicants' application was published in the Federal Register, 63 Fed. Reg. 37,381 (1998), with comments, protests and interventions due on or before July 16, 1998. On July 16, 1998, Central Maine Power Company (CMP) filed a motion to intervene in support of the application. On July 16, 1998, the Florida Municipal Power Agency (FMPA) filed a motion to intervene in this docket and a protest against the sale of generating assets at issue in Docket Nos. EC98-45-000 and ER98-3507-000. On August 3, 1998, FPL filed an untimely motion to intervene.

Discussion

Procedural Matters

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 4/ the timely, unopposed motions to intervene of CMP and FMPA serve to make them parties to this proceeding. We will grant FPL's untimely, unopposed motion to intervene, given its interest in this proceeding and the absence of any undue prejudice or delay.

2/ (...continued) EC98-45-000 and ER98-3507-000), seeking approval for the sale of certain of Central Maine's generating assets to FPL Energy Maine, Inc. FPL Energy Power Marketing, Inc., however, is not acquiring any of these facilities. FPL Energy Power Marketing, Inc. will not engage in marketing activities in peninsular Florida.

3/ Exceptions to this are AVEC, which requests that its rate schedule be permitted to go into effect on February 3, 1999, and FPL Energy Power Marketing, Inc., which requests that its tariff be made effective on October 1, 1998.

4/ 18 C.F.R. § 385.214 (1998).

Market-Based Rates

The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, market power in generation and transmission and cannot erect other barriers to entry. In order for an affiliate of a transmission-owning public utility to demonstrate the absence or mitigation of market power, the public utility must have on file with the Commission an open access transmission tariff for the provision of comparable services. The Commission also considers whether there is evidence of affiliate abuse or reciprocal dealing. 5/

As we explain below, we find that Applicants' market-based rate application meets these standards. Accordingly, we will accept the proposed market-based rates for filing, without suspension or hearing.

1. Generation Market Power

Applicants will acquire generating facilities from Central Maine with a combined installed capacity of 1,185 MW and uncommitted capacity of 149 MW. Applicants have performed a hub-and-spoke analysis that identifies NEPOOL as the relevant market. They also treat NEPOOL as a single market. They argue that this approach is appropriate because the NEPOOL-wide open access tariff is now in place.

Our preliminary review of Applicants' analysis indicates that their market shares of installed and uncommitted capacity will not exceed levels the Commission previously has found to be acceptable, 6/ and these market-based rate applications meet the Commission's generation market power standard for approval of market-based rates.

5/ E.g., Progress Power Marketing, Inc., 76 FERC ¶ 61,155 at 61,919 (1996), letter order approving settlement, 79 FERC ¶ 61,149 (1997); Northwest Power Marketing Company, L.L.C., 75 FERC ¶ 61,281 at 61,889 (1996); accord Heartland Energy Services, Inc., et al., 68 FERC ¶ 61,223 at 62,062-63 (1994) (Heartland).

6/ See, e.g., Louisiana Energy and Power Authority v. FERC, 141 F.3d 364 (D.C. Cir. 1998).

We note that Applicants' affiliation with FPL does not raise generation market power concerns given the Commission's approval of market-based rates for FPL. 7/

2. Transmission Market Power

When an affiliate of a transmission-owning public utility seeks authorization to charge market-based rates, the Commission has required the public utility to have an open access transmission tariff on file before granting such authorization. 8/ The Applicants do not own or control any transmission facilities other than those necessary to interconnect their generating resources with Central Maine's transmission system. Pursuant to Order No. 888, FPL has filed an open-access transmission tariff in Docket No. OA96-39-000. Thus, we find that the Applicants meet the Commission's transmission market power standard for approval of market-based rates.

3. Other Barriers to Entry

The application does not raise any issues with respect to barriers to entry or reciprocal dealing.

4. Affiliate Abuse

The proposed market-based rate schedules prohibit the purchase of power from or sale of power to FPL absent a separate rate filing under Section 205 of the Federal Power Act (FPA), 16 U.S.C. 824d (1994). Applicants have also filed codes of conduct governing affiliate transactions. These commitments satisfy the Commission's requirements as to information sharing, the pricing of non-power goods and services, and separating business activities and operating personnel of the affiliates. With these safeguards, we are satisfied that there are no affiliate abuse considerations of concern here.

7/ Florida Power & Light Co., 81 FERC ¶ 61,107 at 61,394 (1997) (granting FPL market-based rate authority for sales to customers north and west of Peninsular Florida).

8/ See Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 61 Fed. Reg. 21,540 (1996), FERC Stats. & Regs. ¶ 31,036 at 31,656-57 (1996), order on reh'g, Order No. 888-A, 62 Fed. Reg. 12,274 (1997), FERC Stats. & Regs. ¶ 31,048 (1997), order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998); accord Southern Company Services, Inc., et al., 71 FERC ¶ 61,392 at 62,536 (1995); Heartland, 68 FERC at 62,059-60.

Reassignment of Transmission Capacity

Applicants' tariff provides for reassignment of transmission capacity that it has reserved for its own use at a price not to exceed the highest of: (1) the original transmission rate paid by Applicants; (2) the applicable transmission provider's maximum stated firm transmission rate on file at the time of the transmission reassignment; or (3) Applicants' opportunity costs, capped at the applicable transmission provider's cost of expansion at the time of the sale to the eligible customer. Applicants will not recover opportunity costs in connection with reassignments without making a separate filing under section 205 of the FPA. Except for the price, the terms and conditions under which the reassignment is made shall be the terms and conditions governing the original grant by the transmission provider. Transmission capacity may only be reassigned to a customer eligible to take service under the transmission provider's open access transmission tariff or other transmission rate schedules. Applicants will report the name of the assignee in its quarterly reports.

These provisions are consistent with the conditions the Commission has established for reassignment of transmission capacity by power marketers. 9/ Accordingly, we will accept Applicants' proposal to reassign transmission capacity.

Waivers, Authorizations and Reporting Requirements

Applicants request the following waivers and authorizations: (1) waiver of the accounting and related reporting requirements of Parts 41, 101, and 141 of the Commission's regulations; (2) permission to file an abbreviated application with respect to Part 45; (3) waiver of the requirements of Subparts B and C of Part 35, except sections 35.12(a), 35.13(b), 35.15 and 35.16; and (4) blanket approval under Section 204 of the FPA and Part 34 of the Commission's regulations. We will grant the requested waivers and authorizations as set forth in the ordering paragraphs, consistent with those granted to other sellers of power at market-based rates.

Consistent with previous Commission decisions, we will require FPL Energy Power Marketing, Inc. to file quarterly reports detailing the purchase and sale transactions undertaken in the prior quarter. This requirement is necessary to ensure that contracts relating to rates and services are on file as required by section 205 of the FPA and to allow the Commission to evaluate the reasonableness of the charges and to provide for

---

9/ See, Enron Power Marketing, 81 FERC ¶ 61,277 (1997).

ongoing monitoring of the marketer's ability to exercise market power. 10/

Consistent with procedures we have adopted in other cases, the Affiliates may file umbrella service agreements for short-term power sales (one year or less) within 30 days of the date of commencement of short-term service, to be followed by quarterly transaction summaries of specific sales. For long-term transactions (longer than one year), the Affiliates must submit the actual individual service agreement for each transaction within 30 days of the date of commencement of service. 11/

To ensure the clear identification of filings, and in order to facilitate the orderly maintenance of the Commission's files and public access to the documents, long-term transaction service agreements should not be filed together with short-term transaction summaries.

In addition, we will direct Applicants to inform the Commission promptly of any change in status that would reflect a departure from the characteristics the Commission has relied upon in approving market-based pricing. These include, but are not limited to: (1) ownership of generating or transmission facilities or inputs to electric power production other than fuel supplies; or (2) affiliation with any entity not disclosed in the filing that owns generation or transmission facilities or inputs to electric power production, or affiliation with any entity that has a franchised service area. 12/ Alternatively, Applicants may elect to report such changes with the updated market analysis they will be required to file every three years. 13/

The Commission orders:

(A) The market-based power sales tariffs submitted by Maine Hydro, Mason, Wyman, and Wyman IV are hereby accepted for filing, without suspension or hearing, to become effective on the date of

---

10/ See, e.g., Heartland, 68 FERC at 62,065-66.

11/ See, e.g., Southern Company Services, Inc., 75 FERC ¶ 61,130 at 61,444-45, clarified, 75 FERC ¶ 61,353 (1996); Plum Street Energy Marketing, Inc., et al., 76 FERC ¶ 61,319 at 62,556 (1996).

12/ See, e.g., Morgan Stanley Capital Group, Inc., 69 FERC ¶ 61,175 at 61,695 (1994), order on reh'g, 72 FERC ¶ 61,082 (1995); InterCoast Power Marketing Company, 68 FERC ¶ 61,248 at 62,134, clarified, 68 FERC ¶ 61,324 (1994).

13/ We reserve the right to require such an analysis at any time.

the closing of the transaction between Central Maine and FPL Energy Maine, Inc.

(B) The market-based power sales tariff submitted by AVEC is hereby accepted for filing, without suspension or hearing, to become effective on February 3, 1999.

(C) The market-based power sales tariff submitted by FPL Energy Power Marketing, Inc. is hereby accepted for filing, without suspension or hearing, to become effective on October 1, 1998.

(D) Applicants' request for waiver of Parts 41, 101, and 141 of the Commission's regulations is hereby granted.

(E) Within 30 days of the date of this order, any person desiring to be heard or to protest the Commission's blanket approval of issuances of securities or assumptions of liabilities by the Applicants should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § § 385.211 and 385.214.

(F) Absent a request to be heard within the period set forth in Ordering Paragraph (E) above, Applicants are hereby authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of Applicants, compatible with the public interest, and reasonably necessary or appropriate for such purposes.

(G) Until further order of this Commission, the full requirements of Part 45 of the Commission's regulations, except as noted below, are hereby waived with respect to any person now holding or who may hold an otherwise proscribed interlocking directorate involving Applicants. Any such person instead shall file a sworn application providing the following information:

(1) full name and business address; and

(2) all jurisdictional interlocks, identifying the affected companies and the positions held by that person.

(H) The Commission reserves the right to modify this order to require a further showing that neither public nor private interests will be adversely affected by continued Commission approval of Applicants' issuance of securities or assumptions of liabilities, or by the continued holding of any affected interlocks.

(I) Applicants' request for waiver of the provisions of Subparts B and C of Part 35 of the Commission's regulations, with the exception of sections 35.12(a), 35.13(b), 35.15, and 35.16, is hereby granted.

(J) Applicants are hereby directed to conform to the filing and reporting requirements specified in this order. The first quarterly report of transactions undertaken by Applicants under their market-based power sales tariff will be due within 30 days of the calendar quarter ending December 31, 1998.

(K) Applicants are hereby directed to file an updated market analysis within three years of the date of this order, and every three years thereafter.

(L) Applicants are hereby directed to inform the Commission promptly of any change in status that would reflect a departure from the characteristics the Commission has relied upon in approving market-based pricing. Alternatively, as discussed in the body of this order, Applicants may elect to report any such changes every three years with the updated market analysis filed pursuant to Ordering Paragraph (K) above. Applicants shall notify the Commission of which option they elect in the first quarterly report filed pursuant to Ordering Paragraph (J) above.

(M) Maine Hydro is hereby informed of the following rate schedule designation: FPL Energy Maine Hydro LLC, FERC Electric Tariff, Original Volume No. 1 (Market-Based Rate Schedule).

(N) Mason is hereby informed of the following rate schedule designation: FPL Energy Mason LLC, FERC Electric Tariff, Original Volume No. 1 (Market-Based Rate Schedule).

(O) Wyman is hereby informed of the following rate schedule designation: FPL Energy Wyman LLC, FERC Electric Tariff, Original Volume No. 1 (Market-Based Rate Schedule).

(P) Wyman IV is hereby informed of the following rate schedule designation: FPL Energy Wyman IV LLC, FERC Electric Tariff, Original Volume No. 1 (Market-Based Rate Schedule).

(Q) AVEC is hereby informed of the following rate schedule designation: FPL Energy AVEC LLC, FERC Electric Tariff, Original Volume No. 1 (Market-Based Rate Schedule).

(R) FPL Energy Power Marketing, Inc. is hereby informed of the following rate schedule designation: FPL Energy Power Marketing, Inc., FERC Electric Tariff, Original Volume No. 1 (Market-Based Rate Schedule).

By the Commission.

(S E A L)

David P. Boergers

David P. Boergers,
Secretary.