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State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 13, 2022

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Amber M. Norris, Public Utilities Supervisor, Division of Accounting & Finance AMB

RE: Docket Number 2021-OT-Undocketed filings for 2021

Please file the above mentioned docket file the attached document NextEra Energy, Inc.'s 2021 Annual Report to Stockholders.

AMB/lk
attachment

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2022 APR 13 AM 10:26
COMMISSION
CLERK

Florida City Gas

April 12, 2022

Mr. Andrew Maurey, Director
Division of Accounting &
Finance Florida Public Service
Commission 2540 Shumard
Oak Blvd. Tallahassee, FL
32399-0850

Dear Mr. Maurey:

Enclosed are an unbound original and three copies of our 2021 Florida Public Service Commission Annual Report. Also enclosed are NextEra Energy, Inc.'s 2021 Form 10-K as filed with the Securities and Exchange Commission, and NextEra Energy, Inc.'s 2021 Annual Report to Stockholders.

Sincerely,

Keith Ferguson
Controller

Enclosures

RECEIVED
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COMMISSION
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Public Service Commission
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Deloitte.

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Certified Public Accountants
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Boca Raton, FL 33431-6386
USA

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www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

Pivotal Utility Holdings, Inc.
700 Universe Blvd.
Juno Beach, FL

Opinion

We have audited the financial statements of Pivotal Utility Holdings, Inc. d/b/a Florida City Gas ("Florida City Gas" or the "Company"), a wholly-owned subsidiary of Florida Power & Light Company, which comprise the balance sheet – regulatory basis as of December 31, 2021, and the related statements of income – regulatory basis, retained earnings – regulatory basis, and cash flows – regulatory basis, for the year then ended, included on pages 10 through 18 of the Company's Annual Report of Natural Gas Utilities, and the related notes to the financial statements (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of the Company as of December 31, 2021, and the results of its operations for the year then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

As discussed in Note 1 to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

This report is intended solely for the information and use of the members and management of the Company and for filing with the Florida Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 11, 2022

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2021**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY**	59-0247775

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:

Registrants	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
NextEra Energy, Inc.	Common Stock, $0.01 Par Value	NEE	New York Stock Exchange
	4.872% Corporate Units	NEE.PRO	New York Stock Exchange
	5.279% Corporate Units	NEE.PRP	New York Stock Exchange
	6.219% Corporate Units	NEE.PRQ	New York Stock Exchange
Florida Power & Light Company	None		

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

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

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

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

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

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

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

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

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

NextEra Energy, Inc. Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐
Florida Power & Light Company Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☑ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether each registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates at June 30, 2021 (based on the closing market price on the Composite Tape on June 30, 2021) was $143,450,834,024.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates at June 30, 2021.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at January 31, 2022: 1,962,744,998

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at January 31, 2022, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

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

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

DEFINITIONS

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

Term	Meaning
AFUDC – equity	equity component of allowance for funds used during construction
Bcf	billion cubic feet
CAISO	California Independent System Operator
capacity clause	capacity cost recovery clause, as established by the FPSC
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
environmental clause	environmental cost recovery clause, as established by the FPSC
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly owned NextEra Energy Resources subsidiary
FPL	the legal entity, Florida Power & Light Company; beginning January 1, 2022, an operating segment of NEE
FPL segment	through December 31, 2021, FPL, excluding Gulf Power, related purchase accounting adjustments and eliminating entries, and an operating segment of NEE and FPL
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
Gulf Power	through December 31, 2021, an operating segment of NEE and an operating division and operating segment of FPL
ISO	independent system operator
ISO-NE	ISO New England Inc.
ITC	investment tax credit
kW	kilowatt
kWh	kilowatt-hour(s)
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MISO	Midcontinent Independent System Operator
MMBtu	One million British thermal units
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	an operating segment comprised of NextEra Energy Resources and NEET
NEET	NextEra Energy Transmission, LLC
NEP	NextEra Energy Partners, LP
NEP OpCo	NextEra Energy Operating Partners, LP
NERC	North American Electric Reliability Corporation
net capacity	net ownership interest in pipeline(s) capacity
net generating capacity	net ownership interest in plant(s) capacity
net generation	net ownership interest in plant(s) generation
Note __	Note __ to consolidated financial statements
NextEra Energy Resources	NextEra Energy Resources, LLC
NRC	U.S. Nuclear Regulatory Commission
NYISO	New York Independent System Operator
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
OEB	Ontario Energy Board
OTC	over-the-counter
OTTI	other than temporary impairment
PJM	PJM Interconnection, LLC
PMI	NextEra Energy Marketing, LLC
Point Beach	Point Beach Nuclear Power Plant
PTC	production tax credit
PUCT	Public Utility Commission of Texas
regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
RTO	regional transmission organization
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a NextEra Energy Resources subsidiary has a 42.5% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
storm protection plan	storm protection plan cost recovery clause, as established by the FPSC
U.S.	United States of America

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

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as may result, are expected to, will continue, is anticipated, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, important factors included in Part I, Item 1A. Risk Factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NEE's and/or FPL's operations and financial results, and could cause NEE's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NEE and/or FPL in this combined Form 10-K, in presentations, on their respective websites, in response to questions or otherwise.

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

PART I

Item 1. Business

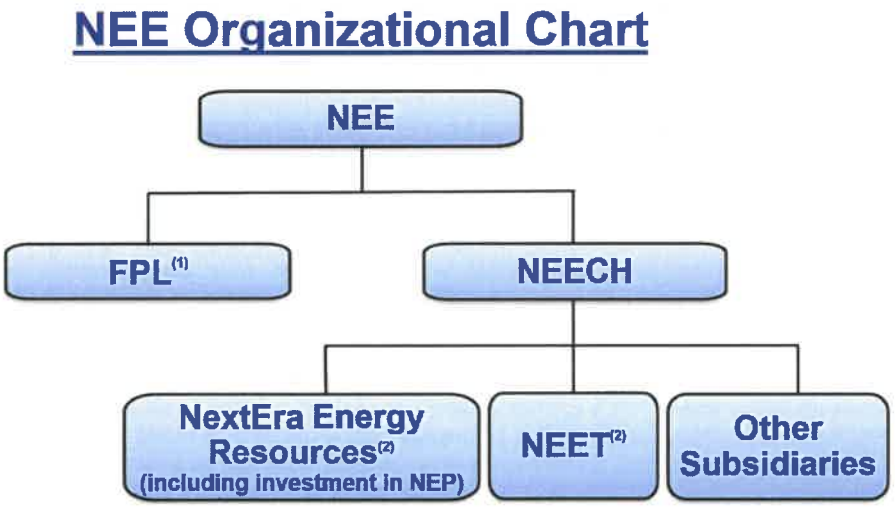
OVERVIEW

NEE is one of the largest electric power and energy infrastructure companies in North America and a leader in the renewable energy industry. NEE has two principal businesses, FPL and NEER. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. FPL's strategic focus is centered on investing in generation, transmission and distribution facilities to deliver on its value proposition of low customer bills, high reliability, outstanding customer service and clean energy solutions for the benefit of its more than 5.7 million customers. NEER is the world's largest generator of renewable energy from the wind and sun, as well as a world leader in battery storage. NEER's strategic focus is centered on the development, construction and operation of long-term contracted assets throughout the U.S. and Canada, primarily consisting of clean energy solutions such as renewable generation facilities and battery storage projects, and electric transmission facilities.

In January 2019, NEE acquired Gulf Power Company, a rate-regulated electric utility engaged in the generation, transmission, distribution and sale of electric energy in northwest Florida. On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE (see FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025). For purposes of discussion herein, the use of the term "FPL" represents FPL the legal entity and beginning January 1, 2022, an operating segment of NEE. Through December 31, 2021, "FPL segment" represents FPL, excluding Gulf Power, and "Gulf Power" represents an operating division of FPL, each operating segments of NEE and FPL.

As described in more detail in the following sections, NEE seeks to create value in its two principal businesses by meeting its customers' needs more economically and more reliably than its competitors. NEE's strategy has resulted in profitable growth over sustained periods at both FPL and NEER. Management seeks to grow each business in a manner consistent with the varying opportunities available to it; however, management believes that the diversification and balance represented by FPL and NEER is a valuable characteristic of the enterprise and recognizes that each business contributes to NEE's financial strength in different ways. FPL and NEER share a common platform with the objective of lowering costs and creating efficiencies for their businesses. NEE and its subsidiaries, with employees totaling approximately 15,000 as of December 31, 2021, continue to develop and implement enterprise-wide initiatives focused on improving productivity, process effectiveness and quality.

As of January 1, 2022, NEE's segments for financial reporting purposes are FPL and NEER. NEECH, a wholly owned subsidiary of NEE, owns and provides funding for NEE's operating subsidiaries, other than FPL and its subsidiaries. NEP, an affiliate of NextEra Energy Resources, acquires, manages and owns contracted clean energy projects with stable, long-term cash flows. See NEER section below for further discussion of NEP. The following diagram depicts NEE's simplified ownership structure:

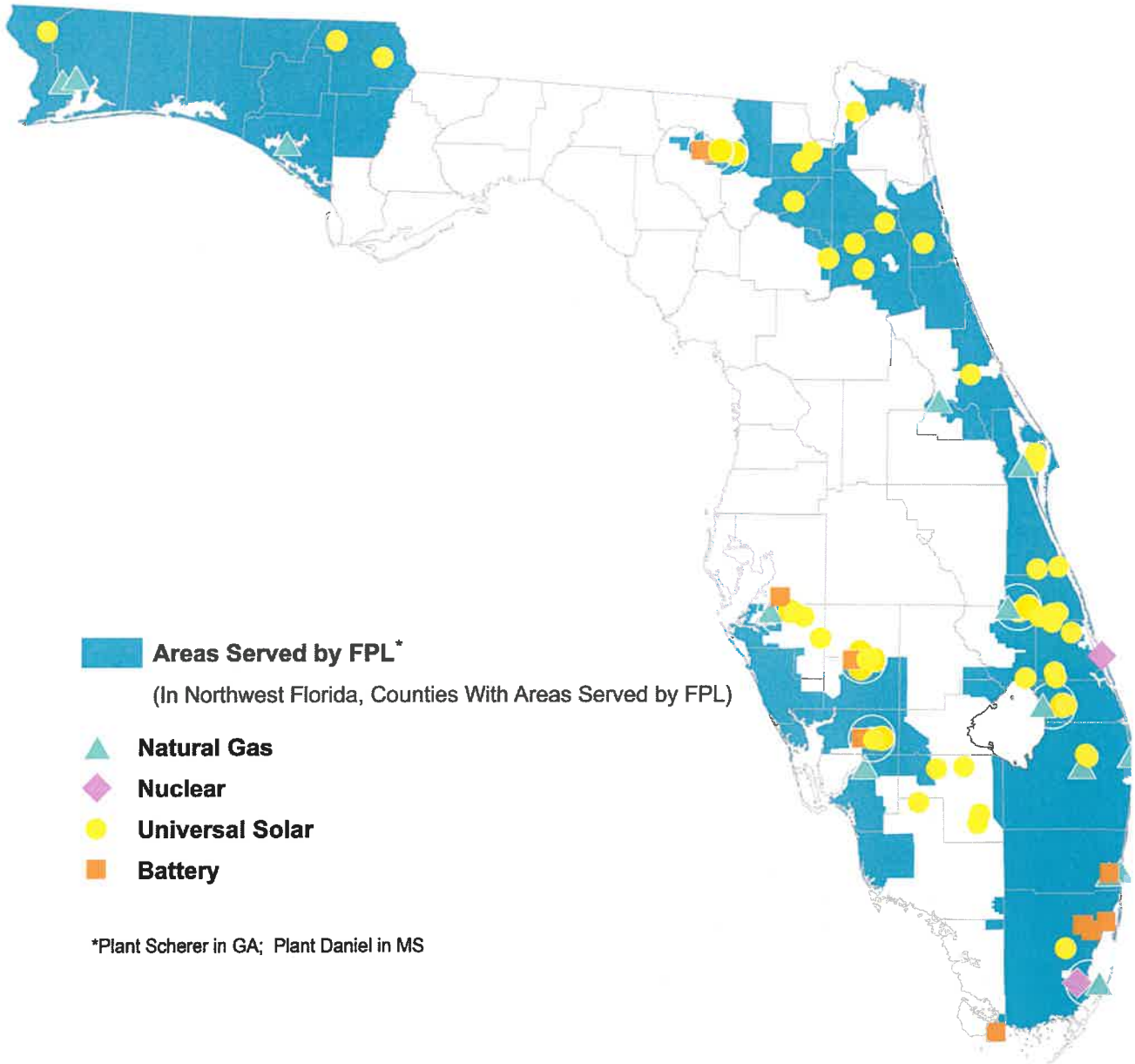


(1) On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. For financial reporting purposes, in 2021, the FPL segment and Gulf Power were reported as separate segments at FPL and continued to be reported as separate segments at NEE.
(2) Comprises the NEER segment.

FPL

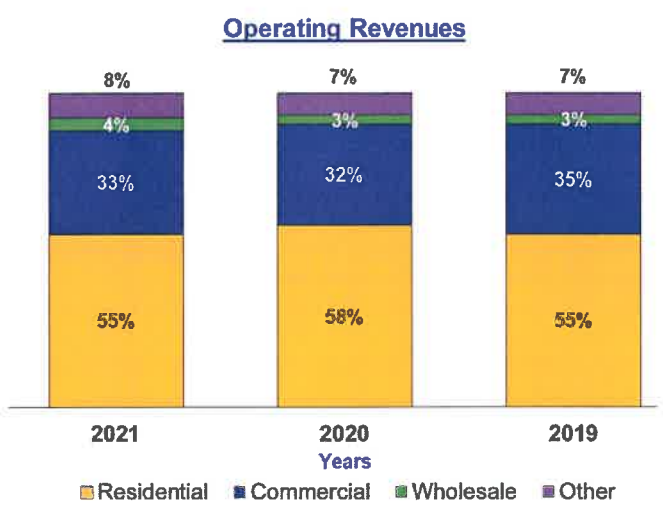
FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. At December 31, 2021, the FPL segment had approximately 28,450 MW of net generating capacity, approximately 77,000 circuit miles of transmission and distribution lines and 696 substations. FPL provides service to its electric customers through integrated transmission and distribution systems that link its generation facilities to its customers. FPL also owns a retail gas business, which serves approximately 117,000 residential and commercial natural gas customers in four counties throughout southern Florida with 3,750 miles of natural gas distribution pipelines.

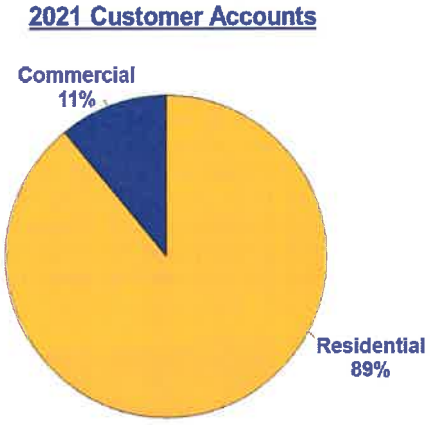
On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE. See FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025 below. FPL serves more than 11 million people through more than 5.7 million customer accounts. The following map shows FPL's service areas and plant locations, which cover most of the east and lower west coasts of Florida and are in eight counties throughout northwest Florida (see FPL Sources of Generation below).



CUSTOMERS AND REVENUE

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



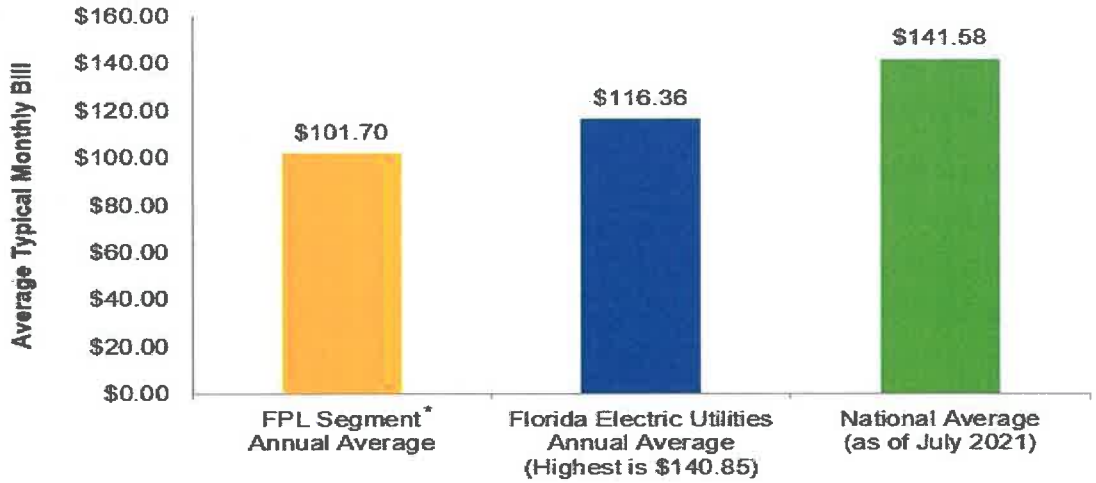


Industrial, Wholesale and Other collectively less than 1%

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

FPL seeks to maintain attractive rates for its customers. Since rates are largely cost-based, maintaining low rates requires a strategy focused on developing and maintaining a low-cost position, including the implementation of ideas generated from cost savings initiatives. A common benchmark used in the electric power industry for comparing rates across companies is the price of 1,000 kWh of consumption per month for a residential customer. The FPL segment's 2021 average bill for 1,000 kWh of monthly residential usage was well below both the average of reporting electric utilities within Florida and the July 2021 national average (the latest date for which this data is available) as indicated below:

Electric Utility Residential Bill Comparison of
2021 Typical Monthly Bill
Residential 1,000 kWh Bill



*The typical residential monthly bill for 1,000 kWh as of January 1, 2022 is $120.67, which reflects the terms of the 2021 rate agreement and excludes an amount associated with a 5-year transition rider mechanism and storm surcharges for Northwest Florida residential customers.

FRANCHISE AGREEMENTS AND COMPETITION

FPL's service to its electric retail customers is provided primarily under franchise agreements negotiated with municipalities or counties. During the term of a franchise agreement, which is typically 30 years, the municipality or county agrees not to form its own utility, and FPL has the right to offer electric service to residents. At December 31, 2021, the FPL segment held 192 franchise agreements with various municipalities and counties in Florida with varying expiration dates through 2051. These franchise agreements covered approximately 88% of the FPL segment's retail customer base in Florida. At December 31, 2021, the FPL segment also provided service to customers in 11 other municipalities and to 23 unincorporated areas within its service area without franchise agreements pursuant to the general obligation to serve as a public utility. FPL relies upon Florida law for access to public rights of way.

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

In addition to self-generation by residential, commercial and industrial customers, FPL also faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources. In each of 2021, 2020 and 2019, operating revenues from wholesale and industrial electric customers combined represented approximately five percent of the FPL segment's total operating revenues.

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

FPL SOURCES OF GENERATION

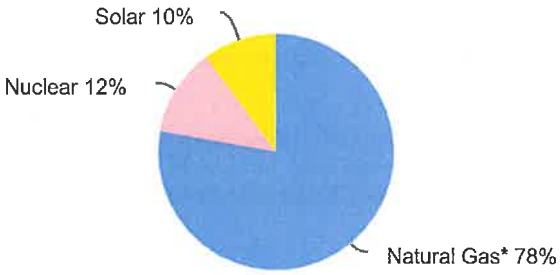
At December 31, 2021, the FPL segment's resources for serving load consisted of approximately 28,564 MW of net generating capacity, of which 28,450 MW were from FPL-owned facilities and 114 MW were available through purchased power agreements. FPL owned and operated 30 units with generating capacity of 22,008 MW that primarily use natural gas and 41 solar generation facilities with generating capacity totaling 2,940 MW. In addition, FPL owned, or had undivided interests in, and operated 4 nuclear units with net generating capacity totaling 3,502 MW (see Nuclear Operations below). FPL also develops and constructs battery storage projects, which when combined with its solar projects, serve to enhance its ability to meet customer needs for a nearly firm generation source. At December 31, 2021, the FPL segment had 483 MW of battery storage capacity. FPL customer usage and operating revenues are typically higher during the summer months, largely due to the prevalent use of air conditioning in its service area. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time.

FPL is in the process of modernizing two generation units at its Lauderdale facility to a high-efficiency, clean-burning natural gas unit (Dania Beach Clean Energy Center). The Dania Beach Clean Energy Center is expected to provide approximately 1,200 MW of generating capacity and to be in service by mid-2022. Through 2025, FPL plans to add new solar generation with cost recovery mechanisms through base rates, a Solar Base Rate Adjustment (SoBRA) and SolarTogether™ (a voluntary community solar program that gives certain FPL electric customers an opportunity to participate directly in the expansion of solar energy and receive credits on their related monthly customer bill). FPL placed approximately 450 MW of solar generating capacity in service in January 2022 and is currently in the process of constructing an additional 1,190 MW of solar generating capacity, which is expected to be placed in service in 2023 (see FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025 below).

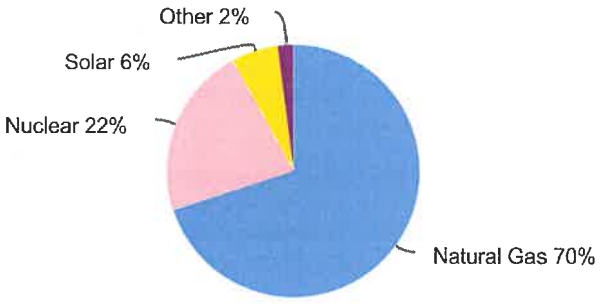
Fuel Sources

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

FPL Segment
2021 Net Generating Capacity by Fuel Type
MW



FPL Segment
2021 Net Generation by Fuel Type
MWh



*approximately 71% has dual fuel capability

Significant Fuel and Transportation Contracts. At December 31, 2021, FPL had the following significant fuel and transportation contracts in place:

- firm transportation contracts with six different transportation suppliers for natural gas pipeline capacity for an aggregate maximum delivery quantity of 2,916,000 MMBtu/day with expiration dates through 2042 (see Note 15 – Contracts);
- several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel with expiration dates through 2037; and
- short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's natural gas requirements is purchased in the spot market.

Nuclear Operations

At December 31, 2021, FPL owned, or had undivided interests in, and operated the four nuclear units in Florida discussed below. FPL's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages require the unit to be removed from service for variable lengths of time.

Facility	FPL's Ownership (MW)	Beginning of Next Scheduled Refueling Outage	Operating License Expiration Date
St. Lucie Unit No. 1	981	September 2022	2036[a]
St. Lucie Unit No. 2	840[b]	February 2023	2043[a]
Turkey Point Unit No. 3	837	April 2023	2052
Turkey Point Unit No. 4	844	March 2022	2053

(a) In 2021, FPL filed an application with the NRC to renew both St. Lucie operating licenses for an additional 20 years. License renewals are pending.

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

NRC regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. If the license renewals are approved by the NRC, FPL's plans provide for St. Lucie Unit No. 1 to be shut down in 2056 with decommissioning activities to be integrated with the dismantlement of St. Lucie Unit No. 2 commencing in 2063. Current plans provide for the dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2052 and 2053, respectively.

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

FPL ENERGY MARKETING AND TRADING

FPL's Energy Marketing & Trading division (EMT) buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess natural gas, oil and electricity. EMT also uses derivative instruments (primarily swaps, options and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity and Note 3.

FPL REGULATION

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

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

FPL Electric Rate Regulation

The FPSC sets rates at a level that is intended to allow the utility the opportunity to collect from retail customers total revenues (revenue requirements) equal to its cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms, including, among other things, base rates and cost recovery clauses. Although FPL and Gulf Power Company merged effective January 1, 2021, FPL continued to be regulated as two separate rate making entities until January 1, 2022 when new unified rates and tariffs became effective for the combined utility system (including the former Gulf Power service area). See Base Rates Effective January 2022 through December 2025 below.

Base Rates. In general, the basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on investment in assets used and useful in providing electric service (rate base). At the time base rates are established, the allowed rate of return on rate base approximates the FPSC's determination of the utility's estimated weighted-average cost of capital, which includes its costs for outstanding debt and an allowed return on common equity. The FPSC monitors the utility's actual regulatory ROE through a surveillance report that is filed monthly with the FPSC. The FPSC does not provide assurance that any regulatory ROE will be achieved. Base rates are determined in rate proceedings or through negotiated settlements of those proceedings. Proceedings can occur at the initiative of the utility or upon action by the FPSC. Existing base rates remain in effect until new base rates are approved by the FPSC.

Base Rates Effective January 2022 through December 2025 – In December 2021, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2021 rate agreement).

Key elements of the 2021 rate agreement, which is effective from January 2022 through at least December 2025, include, among other things, the following:

- New retail base rates and charges were established for the combined utility system (including the former Gulf Power service area) resulting in the following increases in annualized retail base revenues:
  - $692 million beginning January 1, 2022, and
  - $560 million beginning January 1, 2023.
- In addition, FPL is eligible to receive, subject to conditions specified in the 2021 rate agreement, base rate increases associated with the addition of up to 894 MW annually of new solar generation through the SoBRA mechanism in each of

2024 and 2025, and may carry forward any unused MW in 2024 to 2025. FPL has agreed to an installed cost cap of $1,250 per kW and will be required to demonstrate that these proposed solar facilities are cost effective.
- FPL's authorized regulatory ROE is 10.60%, with a range of 9.70% to 11.70%. If FPL's earned regulatory ROE falls below 9.70%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.70%, any party with standing may seek a review of FPL's retail base rates. If the average 30-year U.S. Treasury rate is 2.49% or greater over a consecutive six-month period, the authorized regulatory ROE will increase to 10.80% with a range of 9.80% to 11.80%. If triggered, the increase in the authorized regulatory ROE will not result in an incremental general base rate increase, but will apply for all other regulatory purposes, including the SoBRA mechanism.
- Subject to certain conditions, FPL may amortize, over the term of the 2021 rate agreement, up to $1.45 billion of depreciation reserve surplus, provided that in any year of the 2021 rate agreement FPL must amortize at least enough reserve amount to maintain its minimum authorized regulatory ROE and also may not amortize any reserve amount that would result in an earned regulatory ROE in excess of its maximum authorized regulatory ROE. FPL is limited to the amortization of $200 million of depreciation reserve surplus during the first year of the 2021 rate agreement.
- FPL is authorized to expand SolarTogether™ by constructing an additional 1,788 MW of solar generation from 2022 through 2025, such that the total capacity of SolarTogether™ would be 3,278 MW.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than $4 for every 1,000 kWh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.
- If federal or state permanent corporate income tax changes become effective during the term of the 2021 rate agreement, FPL will be able to prospectively adjust base rates after a review by the FPSC.

In December 2021, Floridians Against Increased Rates, Inc. and, as a group in January 2022, Florida Rising, Inc., Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida filed notices of appeal challenging the FPSC's final order approving the 2021 rate agreement, which notices of appeal are pending before the Florida Supreme Court.

Base Rates Effective January 2017 through December 2021 – In December 2016, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). Key elements of the 2016 rate agreement, which became effective in January 2017, provided for, among other things, the following:

- new retail base rates and charges which resulted in the following increases in annualized retail base revenues:
    - $400 million beginning January 1, 2017;
    - $211 million beginning January 1, 2018; and
    - $200 million beginning April 1, 2019 for a new approximately 1,720 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida (Okeechobee Clean Energy Center) that achieved commercial operation on March 31, 2019;
- additional base rate increases in 2018 through 2020 associated with the addition of approximately 1,200 MW of new solar generating capacity that became operational during that timeframe;
- a regulatory ROE of 10.55% with a range of 9.60% to 11.60%;
- subject to certain conditions, the right to reduce depreciation expense up to $1.25 billion (reserve), provided that in any year of the 2016 rate agreement FPL was required to amortize enough reserve to maintain an earned regulatory ROE within the range of 9.60% to 11.60%; and
- an interim cost recovery mechanism for storm restoration costs. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.

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

- Fuel – primarily fuel costs, the most significant of the cost recovery clauses in terms of operating revenues (see Note 1 – Rate Regulation);
- Storm Protection Plan – costs associated with an FPSC-approved transmission and distribution storm protection plan, which includes costs for hardening of overhead transmission and distribution lines, undergrounding of certain distribution lines and vegetation management;
- Capacity – primarily certain costs associated with the acquisition of several electric generation facilities (see Note 1 – Rate Regulation);
- Energy Conservation – costs associated with implementing energy conservation programs; and

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

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

FERC

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

NERC

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

FPL Environmental Regulation

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

FPL HUMAN CAPITAL

FPL had approximately 9,700 employees at December 31, 2021, with approximately 31% of these employees represented by the International Brotherhood of Electrical Workers (IBEW), substantially all of which are under collective bargaining agreements that have approximately three-year terms expiring in April 2022 and January 2025.

GULF POWER

Gulf Power became a part of FPL's rate-regulated electric utility system beginning January 1, 2021, but continued to be regulated as a separate ratemaking entity until January 1, 2022 when new unified rates and tariffs became effective for the combined utility system (see FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025). Prior to January 1, 2022, Gulf Power operated under a separate base rate settlement agreement that provided for an allowed regulatory ROE of 10.25%, with a range of 9.25% to 11.25%. As of December 31, 2021, Gulf Power served approximately 481,000 customers in eight counties throughout northwest Florida and had approximately 3,500 MW of electric net generating capacity and 9,500 miles of transmission and distribution lines located primarily in Florida, and was subject to similar regulations described in FPL – FPL Regulation above.

On January 1, 2019, NEE completed the acquisition of all of the outstanding common shares of Gulf Power Company under a stock purchase agreement with The Southern Company dated May 20, 2018, as amended, for approximately $4.44 billion in cash consideration and the assumption of approximately $1.3 billion of Gulf Power debt. On January 1, 2021, Gulf Power Company and FPL merged, with FPL as the surviving entity. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. See Note 6 – Gulf Power Company and – Merger of FPL and Gulf Power Company for further discussion.

NEER

NEER, comprised of NEE's competitive energy and rate-regulated transmission businesses, is a diversified clean energy business with a strategy that emphasizes the development, construction and operation of long-term contracted assets with a focus on renewable projects. NEE reports NextEra Energy Resources and NEET, a rate-regulated transmission business, on a combined basis for segment reporting purposes, and the combined segment is referred to as NEER. The NEER segment currently owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets in the U.S. and Canada. NEER, with approximately 24,600 MW of total net generating capacity at December 31, 2021, is one of the largest wholesale generators of electric power in the U.S., including approximately 24,070 MW of net generating capacity across 38 states and 520 MW of net generating capacity in 4 Canadian provinces. At December 31, 2021, NEER operates facilities, in which it has ownership interests, with a total generating capacity of approximately 30,000 MW. NEER produces the majority of its electricity from clean and renewable sources as described more fully below. In addition, NEER develops and constructs battery storage projects, which when combined with its renewable projects, serve to enhance its ability to meet customer needs for a nearly firm generation source, or as standalone facilities. At December 31, 2021, NEER had net ownership interest in approximately 735 MW of battery storage capacity. NEER is the world's largest generator of renewable energy from the wind and sun based on 2021 MWh produced on a net generation basis, as well as a world leader in battery storage. The NEER segment also owns, develops, constructs and operates rate-regulated transmission facilities in North America. At December 31, 2021, NEER's rate-regulated transmission facilities and transmission lines that connect its electric generation facilities to the electric grid are comprised of approximately 265 substations and 2,680 circuit miles of transmission lines.

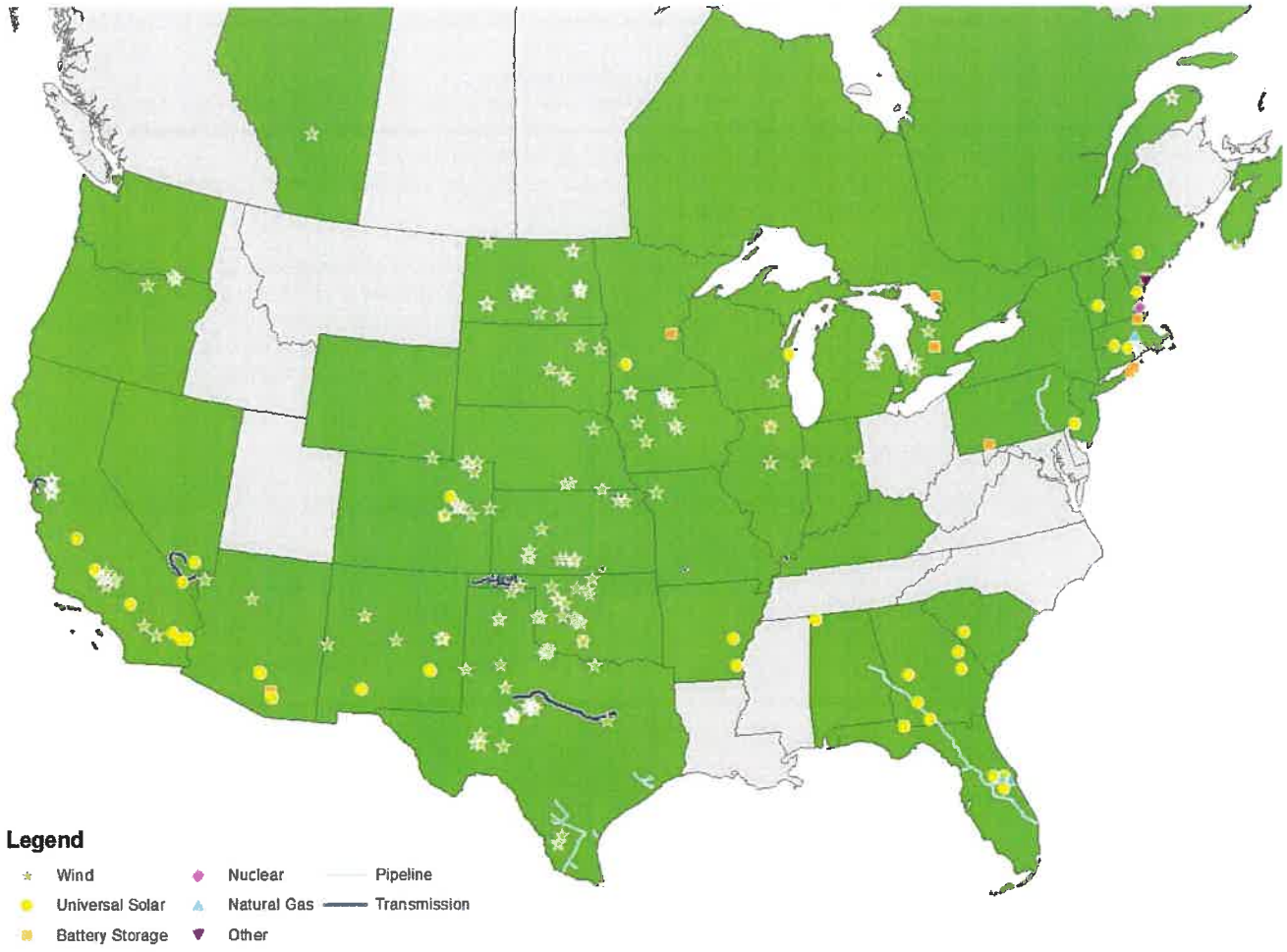
NEER also engages in energy-related commodity marketing and trading activities, including entering into financial and physical contracts. These contracts primarily include power and fuel commodities and their related products for the purpose of providing full energy and capacity requirements services, primarily to distribution utilities in certain markets, and offering customized power and fuel and related risk management services to wholesale customers, as well as to hedge the production from NEER's generation assets that is not sold under long-term power supply agreements. In addition, NEER participates in natural gas, natural gas liquids and oil production through operating and non-operating ownership interests, and in pipeline infrastructure construction, management and operations, through either wholly owned subsidiaries or noncontrolling or joint venture interests, hereafter referred to as the gas infrastructure business. NEER also hedges the expected output from its gas infrastructure production assets to protect against price movements.

NEP – NEP acquires, manages and owns contracted clean energy projects with stable long-term cash flows through a limited partner interest in NEP OpCo. NEP's projects include energy projects contributed by or acquired from NextEra Energy Resources, or acquired from third parties, as well as ownership interests in contracted natural gas pipelines acquired from third parties. NextEra Energy Resources' indirect limited partnership interest in NEP OpCo based on the number of outstanding NEP OpCo common units was approximately 54.7% at December 31, 2021. NextEra Energy Resources accounts for its ownership interest in NEP as an equity method investment with its earnings/losses from NEP as equity in earnings (losses) of equity method investees and accounts for its project sales to NEP as third-party sales in its consolidated financial statements. See Note 1 – Basis of Presentation. At December 31, 2021, NEP owned, or had an ownership interest in, a portfolio of wind, solar and solar plus battery storage projects with energy project capacity totaling approximately 7,997 MW and contracted natural gas pipelines, all located in the U.S. as further discussed in Generation and Other Operations. NextEra Energy Resources operates essentially all of the energy projects in NEP's portfolio and its ownership interest in the portfolio's capacity was approximately 3,618 MW at December 31, 2021.

GENERATION AND OTHER OPERATIONS

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

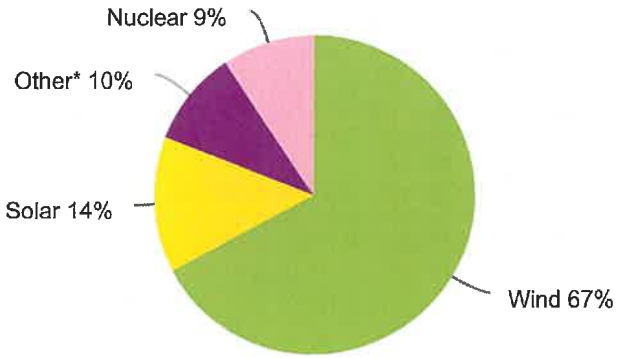
At December 31, 2021, NEER managed or participated in the management of essentially all of the following generation projects, natural gas pipelines and transmission facilities that it wholly owned or in which it had an ownership interest.



Locations with more than one facility are illustrated with a single symbol.
Map excludes small-scale solar.

Generation Assets and Other Operations

2021 Net Generating Capacity by Fuel Type
MW



*Primarily natural gas

Generation Assets

NEER's portfolio of generation assets primarily consist of generation facilities with long-term power sales agreements for substantially all of their capacity and/or energy output. Information related to contracted generation assets at December 31, 2021 was as follows:

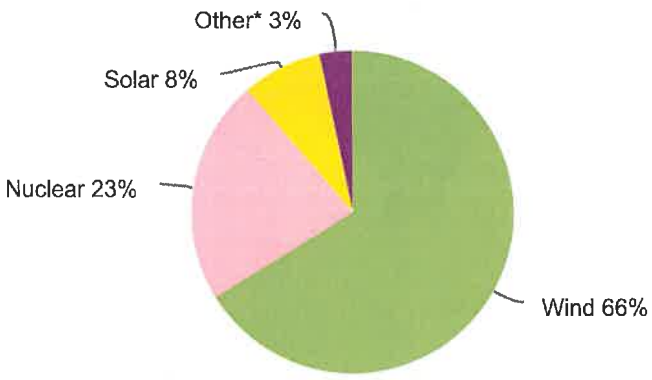
- represented approximately 22,658 MW of total net generating capacity;
- weighted-average remaining contract term of the power sales agreements and the remaining life of the PTCs associated with repowered wind facilities of approximately 16 years, based on forecasted contributions to earnings and forecasted amounts of electricity produced by the repowered wind facilities; and
- several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel for all nuclear units with expiration dates through 2033 (see Note 15 – Contracts).

NEER's merchant generation assets primarily consist of generation facilities that do not have long-term power sales agreements to sell their capacity and/or energy output and therefore require active marketing and hedging. Merchant generation assets at December 31, 2021 represented approximately 1,932 MW of total net generating capacity, including 1,102 MW from nuclear generation and 824 MW from other peak generation facilities, and are primarily located in the Northeast region of the U.S. NEER utilizes swaps, options, futures and forwards to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases.

NEER Generation Assets Fuel/Technology Mix

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

2021 Net Generation by Fuel Type
MWh



*Primarily natural gas

Wind Facilities

- located in 20 states in the U.S. and 4 provinces in Canada;
- operated a total generating capacity of 20,531 MW at December 31, 2021;
- ownership interests in a total net generating capacity of 16,517 MW at December 31, 2021;
  - essentially all MW are from contracted wind assets located primarily throughout Texas and the West and Midwest regions of the U.S. and Canada;
  - added approximately 2,008 MW of new generating capacity and repowered wind generating capacity totaling 435 MW in the U.S. in 2021 and sold assets to NEP and third parties totaling approximately 1,500 MW (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests).

Solar Facilities

- located in 29 states in the U.S.;
- operated photovoltaic, distributed generation and solar thermal facilities with a total generating capacity of 4,356 MW at December 31, 2021;
- ownership interests in solar facilities with a total net generating capacity of 3,391 MW at December 31, 2021;
  - essentially all MW are from contracted solar facilities located primarily throughout the West and South regions of the U.S.;

- added approximately 728 MW of generating capacity in the U.S. in 2021 and sold assets to NEP and third parties totaling approximately 468 MW (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests).

Nuclear Facilities

At December 31, 2021, NextEra Energy Resources owned, or had undivided interests in, and operated the three nuclear units discussed below. NEER's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages require the unit to be removed from service for variable lengths of time.

Facility	Location	Ownership (MW)	Portfolio Category	Next Scheduled Refueling Outage	Operating License Expiration Date
Seabrook	New Hampshire	1,102[a]	Merchant	April 2023	2050
Point Beach Unit No. 1	Wisconsin	595	Contracted[b]	March 2022	2030[c]
Point Beach Unit No. 2	Wisconsin	595	Contracted[b]	March 2023	2033[c]

(a) Excludes 147 MW operated by NEER but owned by non-affiliates.
(b) NEER sells all of the output of Point Beach Units Nos. 1 and 2 under long-term contracts through their current operating license expiration dates.
(c) In 2020, NEER filed an application with the NRC to renew both Point Beach operating licenses for an additional 20 years. License renewals are pending.

NEER is responsible for all nuclear unit operations and the ultimate decommissioning of the nuclear units, the cost of which is shared on a pro-rata basis by the joint owners for the jointly-owned units. NRC regulations require plant owners to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. NEER's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel that is generated at these facilities through current license expiration, as well as through any pending license extensions.

NEER also owns an approximately 70% interest in Duane Arnold, a nuclear facility located in Iowa that ceased operations in August 2020. NEER submitted a site-specific cost estimate and plan for decontamination and decommissioning to the NRC. All spent nuclear fuel housed onsite is expected to be in long-term dry storage within three years of plant shutdown and until the DOE is able to take possession. NEER estimates that the cost of decommissioning Duane Arnold is fully funded and expects completion by approximately 2080.

Policy Incentives for Renewable Energy Projects

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

Owners of utility-scale wind facilities are eligible to claim an income tax credit (the PTC, or an ITC in lieu of the PTC) upon initially achieving commercial operation. The PTC is determined based on the amount of electricity produced by the wind facility during the first ten years of commercial operation. This incentive was created under the Energy Policy Act of 1992 and has been extended several times. Alternatively, an ITC equal to 30% of the cost of a wind facility may be claimed in lieu of the PTC. Owners of solar facilities are eligible to claim a 30% ITC for new solar facilities. In order to qualify for the PTC (or an ITC in lieu of the PTC) for wind or an ITC for solar, construction of a facility must begin before a specified date and the taxpayer must maintain a continuous program of construction or continuous efforts to advance the project to completion. The Internal Revenue Service (IRS) issued guidance establishing a safe harbor for the continuous efforts and continuous construction requirements. The current guidance provides that the requirements for safe harbor will generally be satisfied if the facility is placed in service no more than six years after the year in which construction of the facility began for a facility that began construction in 2016 through 2019, five years for a facility that began construction in 2020 and four years for a facility that begins construction in 2021 and beyond. Retrofitted wind facilities may re-qualify for PTCs or ITCs pursuant to the 5% safe harbor for the begin construction requirement, as long as the cost basis of the new investment is at least 80% of the facility's total fair value. Tax credits for qualifying wind and solar projects are subject to the following schedule.

	Year construction of project begins[a]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024 and beyond
PTC[b]	100 %	80 %	60 %	40 %	60 %	60 %	-	-	-
Wind ITC[c]	30 %	24 %	18 %	12 %	18 %	18 %	-	-	-
Solar ITC[d]	30 %	30 %	30 %	30 %	26 %	26 %	26 %	22 %	10 %

(a) To qualify for the PTC or an ITC, a project must be placed in service no more than six years after the year in which construction of the project began for a facility that began construction in 2016 – 2019, five years for a facility that began construction in 2020 and four years for a facility that begins construction in 2021 and beyond.
(b) Percentage of the full PTC available for wind projects that began construction during the applicable year.
(c) Percentage of eligible project costs that can be claimed as ITC by wind projects that began construction during the applicable year.
(d) Percentage of eligible project costs that can be claimed as ITC by solar projects that begin construction during the applicable year. ITC is limited to 10% for solar projects not placed in service before January 1, 2026.

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

Other Operations

Gas Infrastructure Business – At December 31, 2021, NextEra Energy Resources had ownership interests in natural gas pipelines, the most significant of which are discussed below, and in oil and gas shale formations located primarily in the Midwest and South regions of the U.S.

	Miles of Pipeline	Pipeline Location/Route	Ownership	Total Net Capacity (per day)	In-Service Dates
Texas Pipelines[a]	542	South Texas	52.8% [b]	2.09 Bcf	1950s – 2015
Sabal Trail[c]	517	Southwestern Alabama to Central Florida	42.5%	0.43 Bcf	June 2017 – May 2020
Florida Southeast Connection[c]	169	Central Florida to South Florida	100%	0.64 Bcf	June 2017
Central Penn Line[d]	191	Northeastern Pennsylvania to Southeastern Pennsylvania	21.3% [b]	0.39 Bcf	October 2018 – October 2021

(a) A NEP portfolio of seven natural gas pipelines, of which a third party owns a 10% interest in a 120-mile pipeline with a daily capacity of approximately 2.3 Bcf. Approximately 1.64 Bcf per day of net capacity is contracted with firm ship-or-pay contracts that have expiration dates ranging from 2022 to 2035.
(b) Ownership percentage based on NextEra Energy Resources limited partnership interest in NEP OpCo common units.
(c) See Note 15 – Contracts for a discussion of transportation contracts with FPL.
(d) NEP has an indirect equity method investment in the Central Penn Line (CPL) which represents an approximately 39% aggregate ownership interest in the CPL.

NEER also has a 31.9% ownership interest in a 303-mile natural gas pipeline that is under construction in West Virginia and Virginia. Completion of construction of the natural gas pipeline is subject to certain conditions, including applicable regulatory approvals and the resolution of legal challenges. See Note 4 – Nonrecurring Fair Value Measurements for a discussion of impairment charges in the first quarter of 2022 and in 2020 and Note 15 – Contracts for a discussion of a transportation contract with a NextEra Energy Resources subsidiary.

Rate-Regulated Transmission – At December 31, 2021, certain entities within the NEER segment had ownership interests in rate-regulated transmission facilities, the most significant of which are discussed below, which are located primarily in ERCOT, CAISO, Southwest Power Pool (SPP), Independent Electricity System Operator (IESO) and NYISO jurisdictions.

	Miles	Substations	Kilovolt	Location	Rate Regulator	Ownership	Actual/Expected In-Service Dates
Operational:							
Lone Star	347	9	345	Texas	PUCT	100%	2013
Trans Bay Cable	53	2	200 DC[a]	California	FERC	100%	2010
GridLiance[b]	700	31	69 – 230	Illinois, Kansas, Kentucky, Missouri, Nevada and Oklahoma	FERC	100% [b]	1960 – 2021
Under Construction:							
NextBridge Infrastructure	280	-	230	Ontario, Canada	OEB	50%	First Quarter of 2022
Empire State Line	20	2	345	New York	FERC	100%	December 2021 – Mid-2022

(a) Direct current
(b) Comprised of three FERC-regulated transmission utilities; the assets of which are owned 100% except for a 26-mile transmission line and 5 substations, of which NEET owns a 65% interest.

Customer Supply and Proprietary Power and Gas Trading – NEER provides commodities-related products to customers, engages in energy-related commodity marketing and trading activities and includes the operations of a retail electricity provider. Through NextEra Energy Resources subsidiary PMI, NEER:

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

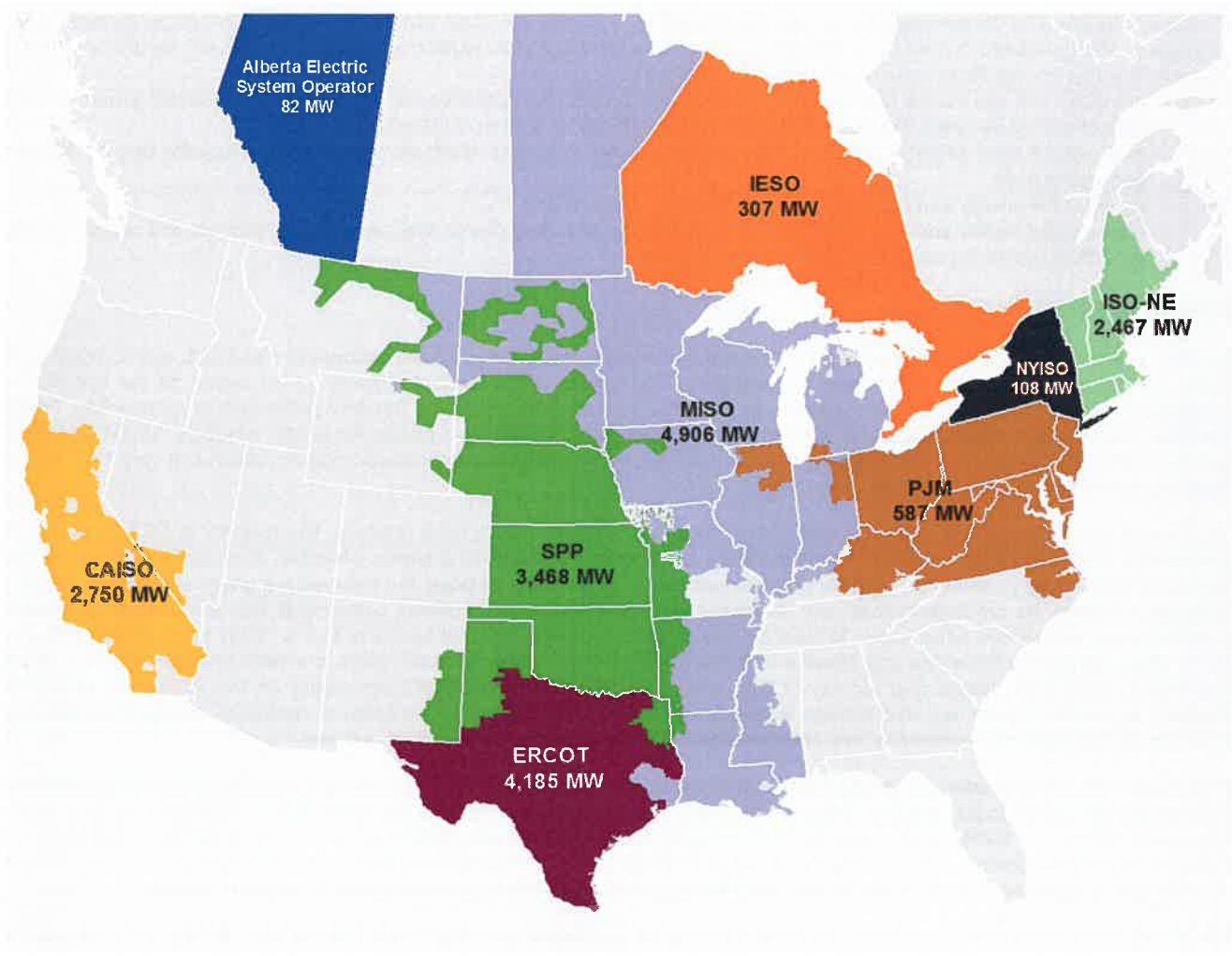
MARKETS AND COMPETITION

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

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

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

RTOs and ISOs exist throughout much of North America to coordinate generation and transmission across wide geographic areas and to run markets. NEER operates in all RTO and ISO jurisdictions. At December 31, 2021, NEER also had generation facilities with ownership interests in a total net generating capacity of approximately 5,730 MW that fall within reliability regions that are not under the jurisdiction of an established RTO or ISO, including 3,532 MW within the Western Electricity Coordinating Council and 2,051 MW within the SERC Reliability Corporation. Although each RTO and ISO may have differing objectives and structures, some benefits of these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability and facilitating competition among wholesale electricity providers. NEER has operations that fall within the following RTOs and ISOs:



NEER competes in different regions to differing degrees, but in general it seeks to enter into long-term bilateral contracts for the full output of its generation facilities. At December 31, 2021, approximately 92% of NEER's net generating capacity was committed under long-term contracts. Where long-term contracts are not in effect, NEER sells the output of its facilities into daily spot markets. In such cases, NEER will frequently enter into shorter term bilateral contracts, typically of less than three years duration, to hedge the price risk associated with selling into a daily spot market. Such bilateral contracts, which may be hedges either for physical delivery or for financial (pricing) offset, serve to protect a portion of the revenue that NEER expects to derive from the associated generation facility. Contracts that serve the economic purpose of hedging some portion of the expected revenue of a generation facility but are not recorded as hedges under GAAP are referred to as "non-qualifying hedges" for adjusted earnings purposes. See Management's Discussion – Overview – Adjusted Earnings.

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

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

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

NEER REGULATION

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

At December 31, 2021, essentially all of NEER's operating independent power projects located in the U.S. have received exempt wholesale generator status as defined under the Public Utility Holding Company Act of 2005. Exempt wholesale generators own or operate a facility exclusively to sell electricity to wholesale customers. They are barred from selling electricity directly to retail customers. While projects with exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including, but not limited to, those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Additionally, most of the NEER facilities located in the U.S. are subject to FERC regulations and market rules and the NERC's mandatory reliability standards, all of its facilities are subject to environmental laws and the EPA's environmental regulations, and its nuclear facilities are also subject to the jurisdiction of the NRC. See FPL – FPL Regulation for additional discussion of FERC, NERC, NRC and EPA regulations. Rates of NEER's rate-regulated transmission businesses are set by regulatory bodies as noted in Generation and Other Operations – Generation Assets and Other Operations – Other Operations – Rate-Regulated Transmission. With the exception of facilities located in ERCOT, the FERC has jurisdiction over various aspects of NEER's business in the U.S., including the oversight and investigation of competitive wholesale energy markets, regulation of the transmission and sale of natural gas, and oversight of environmental matters related to natural gas projects and major electricity policy initiatives. The PUCT has jurisdiction, including the regulation of rates and services, oversight of competitive markets, and enforcement of statutes and rules, over NEER facilities located in ERCOT.

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

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

NEER HUMAN CAPITAL

NEER had approximately 5,200 employees at December 31, 2021. NEER has collective bargaining agreements with the IBEW, the Utility Workers Union of America and the Security Police and Fire Professionals of America, which collectively represent approximately 12% of NEER's employees. The collective bargaining agreements have approximately two- to four-year terms and expire between September 2022 and December 2025.

NEE ENVIRONMENTAL MATTERS

NEE and its subsidiaries, including FPL, are subject to environmental laws and regulations, including extensive federal, state and local environmental statutes, rules and regulations relating to, among others, air quality, water quality and usage, waste management, wildlife protection and historical resources, for the siting, construction and ongoing operations of their facilities. The U.S. government and certain states and regions, as well as the Government of Canada and its provinces, have taken and continue to take certain actions, such as proposing and finalizing regulations or setting targets or goals, regarding the regulation and reduction of greenhouse gas emissions and the increase of renewable energy generation. The environmental laws in the U.S., including, among others, the Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act, provide for the protection of numerous species, including endangered species and/or their habitats, migratory birds and eagles. The environmental laws in Canada, including, among others, the Species at Risk Act, provide for the recovery of wildlife species that are endangered or threatened and the management of species of special concern. Complying with these environmental laws and regulations could result in, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. Failure to comply could result in fines, penalties, criminal sanctions or injunctions. NEE's rate-regulated subsidiaries expect to seek recovery for compliance costs associated with any new environmental laws and regulations, which recovery for FPL would be through the environmental clause.

WEBSITE ACCESS TO SEC FILINGS

NEE and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEE's internet website, www.nexteraenergy.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' or affiliates' websites) are not incorporated by reference into this combined Form 10-K.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS[(a)]

Name	Age	Position	Effective Date
Miguel Arechabala	60	Executive Vice President, Power Generation Division of NEE Executive Vice President, Power Generation Division of FPL	January 1, 2014
Deborah H. Caplan	59	Executive Vice President, Human Resources and Corporate Services of NEE Executive Vice President, Human Resources and Corporate Services of FPL	April 15, 2013
Robert Coffey	58	Executive Vice President, Nuclear Division and Chief Nuclear Officer of NEE Vice President and Chief Nuclear Officer of FPL	June 14, 2021 June 15, 2021
Paul I. Cutler	62	Treasurer of NEE Treasurer of FPL Assistant Secretary of NEE	February 19, 2003 February 18, 2003 December 10, 1997
John W. Ketchum[(b)]	51	President and Chief Executive Officer of NextEra Energy Resources	March 1, 2019
Rebecca J. Kujawa[(b)]	46	Executive Vice President, Finance and Chief Financial Officer of NEE Executive Vice President, Finance and Chief Financial Officer of FPL	March 1, 2019
James M. May	45	Vice President, Controller and Chief Accounting Officer of NEE	March 1, 2019
Ronald R. Reagan	53	Executive Vice President, Engineering, Construction and Integrated Supply Chain of NEE Vice President, Engineering and Construction of FPL	January 1, 2020 March 1, 2019
James L. Robo[(b)]	59	Chairman, President and Chief Executive Officer of NEE Chairman of FPL	December 13, 2013 May 2, 2012
Charles E. Sieving	49	Executive Vice President & General Counsel of NEE Executive Vice President of FPL	December 1, 2008 January 1, 2009
Eric E. Silagy[(b)]	56	President and Chief Executive Officer of FPL	May 30, 2014

(a) Information is as of February 17, 2022. Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his/her present position for five years or more and his/her employment history is continuous. Mr. Coffey served as Vice President, Nuclear for FPL from May 2019 to June 2021. He previously was Regional Vice President for FPL's southern fleet from January 2018 to May 2019 and Site Vice President at Point Beach from May 2016 to January 2018. Mr. Ketchum served as Executive Vice President, Finance and Chief Financial Officer of NEE and FPL from March 2016 to February 2019. Ms. Kujawa served as Vice President, Business Management of NextEra Energy Resources from March 2012 to February 2019. Mr. May served as Controller of NextEra Energy Resources from April 2015 to February 2019. Mr. Reagan served as Vice President, Engineering and Construction of NEE from November 2018 to December 2019 and Vice President, Integrated Supply Chain of NEE from October 2012 to November 2018.

(b) The following information was announced January 25, 2022 and is effective March 1, 2022. Mr. Robo was appointed as Executive Chairman of NEE and will cease to serve as President and Chief Executive Officer of NEE and Chairman of FPL. Mr. Ketchum was appointed President and Chief Executive Officer of NEE and will cease to serve as President and Chief Executive Officer of NextEra Energy Resources. Mrs. Kujawa was appointed as President and Chief Executive Officer of NextEra Energy Resources and will cease to serve as Executive Vice President, Finance and Chief Financial Officer of NEE and FPL. T. Kirk Crews II, age 43, was appointed Executive Vice President, Finance and Chief Financial Officer of NEE and FPL. Mr. Crews served as Vice President, Business Management since March 2019 and was Vice President, Controller and Chief Accounting Officer of NEE from September 2016 until March 2019. Mr. Silagy will take on the added responsibility of Chairman of FPL.

Item 1A. Risk Factors

Risks Relating to NEE's and FPL's Business

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

Regulatory, Legislative and Legal Risks

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

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

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

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

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

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

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

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

Any reductions or modifications to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax laws, policies and incentives, RPS and feed-in-tariffs, or the imposition of additional taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate or deliver it, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

NEER depends heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating wind and solar energy projects in regions in which NEER operates or plans to develop and operate renewable energy facilities. The federal government, a majority of state governments in the U.S. and portions of Canada provide incentives, such as tax incentives, RPS or feed-in-tariffs, that support or are designed to support the sale of energy from utility scale renewable energy facilities, such as wind and solar energy facilities. At the same time, the U.S. government generally has not taken action to materially burden the international supply chain that has been important to the development of renewable energy facilities at acceptable prices. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their laws and policies that support, or do not overly burden, the development and operation of renewable energy facilities and, instead, consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy or the imposition of additional taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate or deliver it, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in the projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

NEE and FPL are subject to domestic environmental laws, regulations and other standards, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, soil quality, climate change, emissions of greenhouse gases, including, but not limited to, carbon dioxide, waste management, hazardous wastes, marine, avian and other wildlife mortality and habitat protection, historical artifact preservation, natural resources, health (including, but not limited to, electric and magnetic fields from power lines and substations), safety and RPS, that could, among other things, prevent or delay the development of power generation, power or natural gas transmission, or other infrastructure projects, restrict or enjoin the output of some existing facilities, limit the availability and use of some fuels

required for the production of electricity, require additional pollution control equipment, and otherwise increase costs, increase capital expenditures and limit or eliminate certain operations. Certain subsidiaries of NEE are also subject to foreign environmental laws, regulations and other standards and, as such, are subject to similar risks.

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

Violations of current or future laws, rules, regulations or other standards could expose NEE and FPL to regulatory and legal proceedings, disputes with, and legal challenges by, governmental entities and third parties, and potentially significant civil fines, criminal penalties and other sanctions, such as restrictions on how NEER develops, sites and operates wind facilities. These violations could result in, without limitation, litigation regarding property damage, personal injury, common law nuisance and enforcement by citizens or governmental authorities of environmental requirements. For example, the DOJ has alleged that certain NEER subsidiaries have violated the Migratory Bird Treaty Act (MBTA) and/or the Bald and Golden Eagle Protection Act (BGEPA) as a result of accidental collisions of eagles into wind turbines at the NEER subsidiaries' wind facilities without subsidiaries having permits under BGEPA for those activities. If NEER is unsuccessful in reaching a satisfactory settlement of this issue with the DOJ or if additional eagles perish in collisions with wind turbines at NEER's facilities without NEER having obtained permits for those activities, NEER or its subsidiaries may face criminal prosecution under these laws.

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

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

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

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

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

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

NEE's and FPL's operations and businesses are subject to extensive federal regulation, which generally imposes significant and increasing compliance costs on their operations and businesses. Additionally, any actual or alleged compliance failures could result in significant costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties. As an example, under the Energy Policy Act of 2005, NEE and FPL, as owners and operators of bulk-power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject NEE and FPL to higher operating costs and may result in increased capital expenditures. If FPL or NEE is found not to be in compliance with these standards, they may incur substantial monetary penalties and other sanctions. Both the costs of regulatory compliance and the costs that may be imposed as a result of any actual or alleged compliance failures could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

Changes in tax laws, guidance or policies, including but not limited to changes in corporate income tax rates, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

Development and Operational Risks

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

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

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

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

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

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

damages under continuing agreements, and replacement equipment costs or an obligation to purchase or generate replacement power at higher prices.

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

- risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned;
- failures in the availability, acquisition or transportation of fuel or other necessary supplies;
- the impact of unusual or adverse weather conditions and natural disasters, including, but not limited to, hurricanes, tornadoes, extreme temperatures, icing events, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires, leaks or other major events, of equipment, transmission or distribution systems or pipelines;
- availability of replacement equipment;
- risks of property damage, human injury or loss of life from energized equipment, hazardous substances or explosions, fires, leaks or other events, especially where facilities are located near populated areas;
- potential environmental impacts of gas infrastructure operations;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;
- inability to identify, manage properly or mitigate equipment defects in NEE's and FPL's facilities;
- use of new or unproven technology;
- risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation, and lack of available alternative fuel sources;
- increased competition due to, among other factors, new facilities, excess supply, shifting demand and regulatory changes; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

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

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

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

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

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

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

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

Terrorist acts, cyberattacks or other similar events affecting NEE's and FPL's systems and facilities, or those of third parties on which NEE and FPL rely, could harm NEE's and FPL's business, for example, by limiting their ability to generate, purchase or transmit power, natural gas or other energy-related commodities, by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generation, distribution or transmission facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or acquire insurance), significant fines and penalties, and reputational damage, could materially adversely affect NEE's and FPL's operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair NEE's and FPL's ability to raise capital (for example, by contributing to financial instability and lower economic activity). In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs. Such events or actions may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

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

NEER provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, including, but not limited to, events that may occur after such utilities have committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers. NEER may not be able to recover all of its increased supply costs, which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEER's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

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

counterparties and vendors, may adversely affect the ability of some customers, hedging counterparties and vendors to perform as required under their contracts with NEE and FPL.

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

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

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

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

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

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

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

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

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

NEE's and FPL's retail businesses require access to sensitive customer data in the ordinary course of business. NEE's and FPL's retail businesses may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail businesses. If a significant breach occurred, the reputation of NEE and FPL could be materially adversely affected, customer confidence could be diminished, or customer information could be subject to identity theft. NEE and FPL would be subject to costs associated with the breach and/or NEE and FPL could be subject to fines and legal claims, any of which may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.

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

NEE and FPL execute transactions in derivative instruments on either recognized exchanges or via the OTC markets, depending on management's assessment of the most favorable credit and market execution factors. Transactions executed in OTC markets have the potential for greater volatility and less liquidity than transactions on recognized exchanges. As a result, NEE and FPL may not be able to execute desired OTC transactions due to such heightened volatility and limited liquidity.

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

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

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

Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can have a negative impact on the reputation of NEE and FPL, on the morale and performance of their employees and on their relationships with regulators. It may also have a negative impact on their ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

Nuclear Generation Risks

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

NEE's and FPL's nuclear generation facilities are subject to environmental, health and financial risks, including, but not limited to, those relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack or cyber incident and other potential liabilities arising out of the ownership or operation of the facilities. NEE and FPL maintain decommissioning funds and external insurance coverage which are intended to reduce the financial exposure to some of these risks; however, the cost of decommissioning nuclear generation facilities could exceed the amount available in NEE's and FPL's decommissioning funds,

and the exposure to liability and property damages could exceed the amount of insurance coverage. If NEE or FPL is unable to recover the additional costs incurred through insurance or, in the case of FPL, through regulatory mechanisms, their business, financial condition, results of operations and prospects could be materially adversely affected.

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

Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains the maximum amount of private liability insurance obtainable, and participates in a secondary financial protection system, which provides liability insurance coverage for an incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments and/or retrospective insurance premiums, plus any applicable taxes, for an incident at any nuclear reactor in the U.S. or at certain nuclear generation facilities in Europe, regardless of fault or proximity to the incident. Such assessments, if levied, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

If any of NEE's or FPL's nuclear generation facilities are not operated for any reason through the life of their respective operating licenses, NEE or FPL may be required to increase depreciation rates, incur impairment charges and accelerate future decommissioning expenditures, any of which could materially adversely affect their business, financial condition, results of operations and prospects.

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

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

Liquidity, Capital Requirements and Common Stock Risks

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

NEE and FPL rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations requirements that are not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those capital and credit markets, including, but not limited to, the planned phase out of the London Inter-Bank Offered Rate or the reform or replacement of other benchmark rates, could increase NEE's and FPL's cost of capital and affect their ability to fund their liquidity and capital needs and to meet their growth objectives. If NEE or FPL is unable to access regularly the capital and credit markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and incur an unfavorable cost of

capital, which, in turn, could adversely affect its ability to grow its business, could contribute to lower earnings and reduced financial flexibility, and could have a material adverse effect on its business, financial condition, results of operations and prospects.

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

The inability of subsidiaries that have existing project-specific or other financing arrangements to meet the requirements of various agreements relating to those financings, as well as actions by third parties or lenders, could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral. Such an occurrence also could result in NEE expending additional funds or incurring additional obligations over the shorter term to ensure continuing compliance with project-specific financing arrangements based upon the expectation of improvement in the project's performance or financial returns over the longer term. Any of these actions could materially adversely affect NEE's business, financial condition, results of operations and prospects, as well as the availability or terms of future financings for NEE or its subsidiaries.

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

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

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

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

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

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

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

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

NEE and FPL are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. A decline in the market value of the assets held in the decommissioning funds due to poor investment performance or other factors may increase the funding requirements for these obligations. Any increase in funding requirements may have a material adverse effect on NEE's and FPL's liquidity, financial condition and results of operations.

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

NEE holds certain investments where changes in the fair value affect NEE's financial results. In some cases there may be no observable market values for these investments, requiring fair value estimates to be based on other valuation techniques. This type of analysis requires significant judgment and the actual values realized in a sale of these investments could differ materially from those estimated. A sale of an investment below previously estimated value, or other decline in the fair value of an investment, could result in losses or the write-off of such investment, and may have a material adverse effect on NEE's liquidity, financial condition and results of operations.

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

NEE is a holding company and, as such, has no material operations of its own. Substantially all of NEE's consolidated assets are held by its subsidiaries. NEE's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on its subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds to NEE.

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

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

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

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

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

Through an indirect wholly owned subsidiary, NEE owns a limited partner interest in NEP OpCo. NEP's inability to access capital on commercially reasonable terms and effectively consummate future acquisitions could have a material adverse effect on NEP's ability to grow its cash distributions to its common unitholders, including NEE, and on the value of NEE's limited partnership interest in NEP OpCo. In addition, NEP's issuance of additional common units, securities convertible into NEP common units or other securities in connection with acquisitions could cause significant common unitholder dilution and reduce cash distributions to its common unitholders, including NEE, if the acquisitions are not sufficiently accretive.

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

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

Widespread public health crises and epidemics or pandemics may have material adverse impacts on NEE's and FPL's business, financial condition, liquidity and results of operations.

NEE and FPL are subject to the impacts of widespread public health crises, epidemics and pandemics, including, but not limited to, impacts on the global, national or local economy, capital and credit markets, NEE's and FPL's workforce, customers and suppliers. There is no assurance that NEE's and FPL's businesses will be able to operate without material adverse impacts depending on the nature of the public health crisis, epidemic or pandemic. The ultimate severity, duration and impact of public health crises, epidemics and pandemics cannot be predicted. Additionally, there is no assurance that vaccines, or other treatments, are or will be widely available or effective, or that the public will be willing to participate, in an effort to contain the spread of disease. Actions taken in response to such crises by federal, state and local government or regulatory agencies may have a material adverse impact on NEE's and FPL's business, financial condition, liquidity and results of operations.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

See Item 1. Business – FPL and Item 1. Business – NEER for a description of principal properties.

Character of Ownership

Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL's real property is held in fee and is free from other encumbrances, subject to minor exceptions which are not of a nature as to substantially impair the usefulness to FPL of such properties. Some of FPL's electric lines are located on parcels of land which are not owned in fee by FPL but are covered by necessary consents of governmental authorities or rights obtained from owners of private property. Subsidiaries within the NEER segment have ownership interests in entities that own generation facilities, pipeline facilities and transmission assets and a number of those facilities and assets are encumbered by liens securing various financings. Additionally, the majority of NEER's generation facilities, pipeline facilities and transmission lines are located on land under easement or leased from owners of private property. See Note 7 – FPL and – NEER.

Item 3. Legal Proceedings

With regard to environmental proceedings to which a governmental authority is a party, NEE's and FPL's policy is to disclose any such proceeding if it is reasonably expected to result in monetary sanctions of greater than or equal to $1 million.

The Environment and Natural Resources Division of the U.S. Department of Justice (DOJ) indicated to NEER during the fourth quarter of 2021 that its final position is that the act of an eagle flying into a wind turbine that results in the death of the eagle is a crime under the Migratory Bird Treaty Act (MBTA) and Bald and Golden Eagle Protection Act (BGEPA). The DOJ is investigating eagle fatalities that have occurred in proximity to a number of wind facilities operated by NEER, primarily in the Altamont region of California and in Wyoming, and alleges that the facilities caused eagle fatalities without having a permit in violation of the BGEPA and/or the MBTA. NEER undertakes adaptive management practices designed to avoid and minimize eagle impacts and is working with both the DOJ and the U.S. Fish and Wildlife Service toward a constructive resolution that would resolve all prior fatalities at wind facilities operated by NEER nationwide, even though federal courts covering large portions of the U.S. have concluded that these statutes are intended to cover only hunting, poaching and other intentional acts and do not apply to accidental collisions with wind turbines or other structures, such as airplanes and buildings. NEE anticipates that any such resolution would not have a material adverse impact on its business, financial condition, results of operations or prospects.

Item 4. Mine Safety Disclosures

Not applicable

PART II

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

Common Stock Data. All of FPL's common stock is owned by NEE. NEE's common stock is traded on the New York Stock Exchange under the symbol "NEE." As of January 31, 2022, there were 15,274 holders of record of NEE's common stock. The amount and timing of dividends payable on NEE's common stock are within the sole discretion of NEE's Board of Directors. The Board of Directors reviews the dividend rate at least annually (generally in February) to determine its appropriateness in light of NEE's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions, change in business mix and any other factors the Board of Directors deems relevant. In February 2022, NEE announced that it would increase its quarterly dividend on its common stock from $0.385 per share to $0.425 per share.

Issuer Purchases of Equity Securities. Information regarding purchases made by NEE of its common stock during the three months ended December 31, 2021 is as follows:

Period	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program[(b)]
10/1/21 – 10/31/21	—	—	—	180,000,000
11/1/21 – 11/30/21	1,350	$ 87.34	—	180,000,000
12/1/21 – 12/31/21	1,306	$ 90.78	—	180,000,000
Total	2,656	$ 89.03	—	

(a) Includes: (1) in November 2021, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan; and (2) in December 2021, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NEE's obligation under a February 2006 grant under the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (former LTIP) to an executive officer of deferred retirement share awards.

(b) In May 2017, NEE's Board of Directors authorized repurchases of up to 45 million shares of common stock (180 million shares after giving effect to the four-for-one stock split of NEE common stock effective October 26, 2020) over an unspecified period.

Item 6. Reserved

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

OVERVIEW

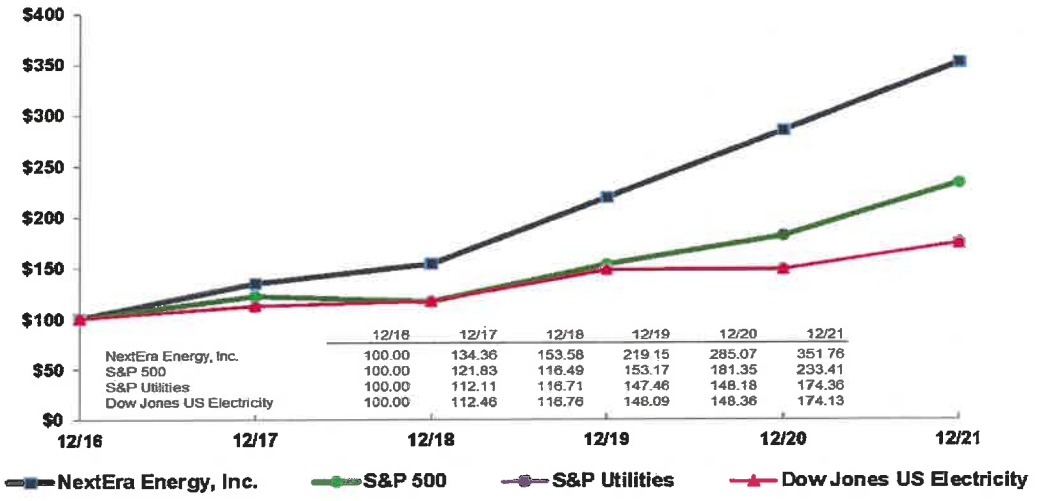
NEE's operating performance is driven primarily by the operations of its two principal businesses, FPL, which serves more than 5.7 million customer accounts in Florida and is one of the largest electric utilities in the U.S., and NEER, which together with affiliated entities is the world's largest generator of renewable energy from the wind and sun based on 2021 MWh produced on a net generation basis. The table below presents net income (loss) attributable to NEE and earnings (loss) per share attributable to NEE, assuming dilution, by reportable segment, the FPL segment and NEER, as well as an operating segment of NEE, Gulf Power, which was acquired by NEE in January 2019 and merged into FPL on January 1, 2021 (see Note 6 – Merger of FPL and Gulf Power Company). Corporate and Other is primarily comprised of the operating results of other business activities, as well as other income and expense items, including interest expense, and eliminating entries, and may include the net effect of rounding. The following discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and all comparisons are with the corresponding items in the prior year.

	Net Income (Loss) Attributable to NEE			Earnings (Loss) Per Share Attributable to NEE, Assuming Dilution		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
FPL Segment	**$ 2,935**	$ 2,650	$ 2,334	**$ 1.49**	$ 1.35	$ 1.20
Gulf Power	**271**	238	180	**0.14**	0.12	0.09
NEER[(a)]	**599**	531	1,807	**0.30**	0.27	0.93
Corporate and Other	**(232)**	(500)	(552)	**(0.12)**	(0.26)	(0.28)
NEE	**$ 3,573**	$ 2,919	$ 3,769	**$ 1.81**	$ 1.48	$ 1.94

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

For the five years ended December 31, 2021, NEE delivered a total shareholder return of approximately 251.8%, above the S&P 500's 133.4% return, the S&P 500 Utilities' 74.4% return and the Dow Jones U.S. Electricity's 74.1% return. The historical stock performance of NEE's common stock shown in the performance graph below is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among NextEra Energy, Inc., the S&P 500 Index,
the S&P Utilities Index and the Dow Jones US Electricity Index



	12/16	12/17	12/18	12/19	12/20	12/21
NextEra Energy, Inc.	100.00	134.36	153.58	219.15	285.07	351.76
S&P 500	100.00	121.83	116.49	153.17	181.35	233.41
S&P Utilities	100.00	112.11	116.71	147.46	148.18	174.36
Dow Jones US Electricity	100.00	112.46	116.76	148.09	148.36	174.13

*$100 invested on 12/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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Adjusted Earnings

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

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

	Years Ended December 31,		
	2021	2020	2019
		(millions)	
Net losses associated with non-qualifying hedge activity[a]	$ **(1,576)**	$ (649)	$ (406)
Differential membership interests-related – NEER	$ **(98)**	$ (87)	$ (89)
NEP investment gains, net – NEER	$ **27**	$ (94)	$ 96
Gain on disposal of a business – NEER[b]	$ —	$ 274	$ —
Change in unrealized gains (losses) on NEER's nuclear decommissioning funds and OTTI, net – NEER	$ **199**	$ 131	$ 176
Acquisition-related[c]	$ —	$ —	$ (70)
Impairment charge related to investment in Mountain Valley Pipeline – NEER[d]	$ —	$ (1,208)	$ —

(a) For 2021, 2020 and 2019, approximately $1,735 million, $438 million and $65 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

(b) See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests for a discussion of the sale of two solar generation facilities in Spain (Spain projects).

(c) For 2019, approximately $44 million, $20 million and $6 million of costs are included in Corporate and Other's, Gulf Power's and NEER's net income, respectively.

(d) See Note 4 – Nonrecurring Fair Value Measurements for a discussion of the impairment charge in 2020 related to the investment in Mountain Valley Pipeline, LLC (Mountain Valley Pipeline).

NEE segregates into two categories unrealized mark-to-market gains and losses and timing impacts related to derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative, interest rate derivative and foreign currency transactions entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to certain of the positions are generally not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the impact of the non-qualifying hedges as a meaningful measure of current period performance. The second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

2021 Summary

Net income attributable to NEE for 2021 was higher than 2020 by $654 million, or $0.33 per share, assuming dilution, due to higher results at the FPL segment, Corporate and Other, NEER and Gulf Power.

FPL's net income increased by $316 million in 2021 primarily reflecting higher results at the FPL segment and at Gulf Power. The FPL segment's increase in net income for 2021 was primarily driven by continued investments in plant in service and other property. Gulf Power's increase in net income in 2021 was primarily driven by reductions in O&M expenses.

NEER's results increased in 2021 primarily driven by the absence of an impairment charge related to its investment in Mountain Valley Pipeline occurring in 2020 and higher earnings on new investments, partly offset by unfavorable non-qualifying hedge activity compared to 2020 and the absence of the 2020 gain on the sale of the Spain projects. In 2021, NEER added approximately 2,008 MW of new wind generating capacity and 728 MW of solar generating capacity, repowered 435 MW of wind generating capacity and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2021 increased primarily due to favorable non-qualifying hedge activity.

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

RESULTS OF OPERATIONS

Net income attributable to NEE for 2021 was $3.57 billion compared to $2.92 billion in 2020. In 2021, net income attributable to NEE increased primarily due to higher results at the FPL segment, Corporate and Other, NEER and Gulf Power. The comparison of the results of operations for the years ended December 31, 2020 and 2019 are included in Management's Discussion in NEE's and FPL's Annual Report on Form 10-K for the year ended December 31, 2020.

In February 2020, a subsidiary of NextEra Energy Resources completed the sale of its ownership interest in two solar generation facilities located in Spain with a total generating capacity of 99.8 MW. In December 2020, a subsidiary of NextEra Energy Resources sold a 90% noncontrolling ownership interest in a portfolio of three wind generation facilities and four solar generation facilities representing a total net generating capacity of 900 MW. Additionally in December 2020, a subsidiary of NextEra Energy Resources sold its 100% ownership interest in a 100 MW solar generation facility and a 30 MW battery storage facility under construction, which achieved commercial operations in June 2021, to a NEP subsidiary. In October 2021, subsidiaries of NextEra Energy Resources completed the sale to a NEP subsidiary of their 100% ownership interests in three wind generation facilities and one solar generation facility with a total generating capacity of 467 MW and 33.3% of the noncontrolling ownership interests in four solar generation facilities and multiple distributed generation solar facilities representing a total net generating capacity of 122 MW. In December 2021, subsidiaries of NextEra Energy Resources sold their 100% ownership interest in a portfolio of seven wind generation facilities and six solar generation facilities representing a total generating capacity of 2,520 MW and 115 MW of battery storage capacity, three of which are currently under construction with expected in-service dates in the first half of 2022. See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

In March 2021, a wholly owned subsidiary of NEET acquired GridLiance Holdco, LP and GridLiance GP, LLC (GridLiance), which owns and operates three FERC-regulated transmission utilities across six states, five in the Midwest and Nevada. See Note 6 – GridLiance.

NEE's effective income tax rates for the years ended December 31, 2021 and 2020 were approximately 11% and 2%, respectively. The rates for both years reflect the impact of PTCs and ITCs and, in 2020, also reflect the impact of lower pretax income and the gain on sale of the Spain solar projects which was not taxable for federal nor state income tax purposes. See Note 5.

On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. See Note 6 – Merger of FPL and Gulf Power Company. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025.

FPL: Results of Operations

The table below presents net income for FPL by reportable segment, the FPL segment and Gulf Power. Prior year FPL amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company discussed above. In the following discussions, all comparisons are with the corresponding items in the prior year.

	Net Income		
	Years Ended December 31,		
	2021	2020	2019
	(millions)		
FPL Segment	$ 2,935	$ 2,650	$ 2,334
Gulf Power	271	238	180
Corporate and Other	—	2	5
FPL	$ 3,206	$ 2,890	$ 2,519

FPL Segment: Results of Operations

The FPL segment obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. The FPL segment's net income for 2021 and 2020 was $2,935 million and $2,650 million, respectively, representing an increase of $285 million. The increase was primarily driven by higher earnings from investments in plant in service and other property. Such investments grew the FPL segment's average retail rate base by approximately $3.3 billion in 2021 and reflect, among other things, solar generation additions and ongoing transmission and distribution additions.

During 2021 and 2020, FPL's service area was impacted by hurricanes and tropical storms, which resulted in the recording of incremental storm restoration costs. FPL determined that it would not seek recovery of certain of such costs through a storm surcharge from customers and instead recorded such costs as storm restoration costs in NEE's and FPL's consolidated statements of income. The FPL segment used available reserve amortization to offset all such storm restoration costs that were expensed. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.

The use of reserve amortization was permitted by the 2016 rate agreement. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2017 through December 2021 for additional information on the 2016 rate agreement. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 rate agreement, reserve amortization was calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of the FPL segment's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC – equity and revenue and costs not recoverable from retail customers. In 2021 and 2020, the FPL segment recorded reserve amortization of approximately $429 million and the reversal of reserve amortization of $1 million, respectively. The FPL segment's regulatory ROE for both 2021 and 2020 was approximately 11.60%.

In December 2021, the FPSC issued a final order approving the 2021 rate agreement which became effective in January 2022 and will remain in effect until at least December 2025, establishes FPL's allowed regulatory ROE at 10.60%, with a range of 9.70% to 11.70%, and allows for retail rate base increases in 2022 and 2023. In December 2021, Floridians Against Increased Rates, Inc. and, as a group in January 2022, Florida Rising, Inc., Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida filed notices of appeal challenging the FPSC's final order approving the 2021 rate agreement, which notices of appeal are pending before the Florida Supreme Court. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025 for additional information on the 2021 rate agreement.

During 2021, operating revenues increased $938 million primarily related to higher fuel cost recovery revenues as discussed in cost recovery clauses below.

Retail Base

The FPL segment's retail base revenues for 2021 and 2020 reflect the 2016 rate agreement. In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective in January 2017 and remained in effect until December 2021. The 2016 rate agreement established the FPL segment's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allowed for retail rate base increases in 2017, 2018, and upon commencement of commercial operations at the Okeechobee Clean Energy Center and certain solar projects. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2017 through December 2021 for additional information on the 2016 rate agreement.

Retail base revenues decreased $9 million during the year ended December 31, 2021 and were impacted by a decrease of 2.6% in the average usage per retail customer, primarily related to unfavorable weather when compared to the prior year, partly offset by an increase of 1.5% in the average number of customer accounts. See Note 1 – Rate Regulation.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar, environmental projects, storm protection plan investments and the unamortized balance of the regulatory asset associated with the FPL segment's acquisition of certain generation facilities. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2021 net underrecovery impacting the FPL segment's operating cash flows was approximately $516 million, primarily related to the fuel cost recovery clause.

Fuel cost recovery revenues increased approximately $775 million in 2021 primarily as a result of higher fuel and energy prices. In 2021 and 2020, cost recovery clauses contributed approximately $124 million and $111 million, respectively, to the FPL segment's net income. FPL's fuel cost recovery clause revenues and expenses are expected to increase in 2022 as a result of the collection of underrecovered 2021 fuel costs and higher projected natural gas prices in 2022.

Other Items Impacting the FPL Segment's Consolidated Statements of Income

Fuel, Purchase Power and Interchange Expense
Fuel, purchased power and interchange expense increased $807 million in 2021 primarily related to higher fuel and energy prices.

Depreciation and Amortization Expense
The major components of the FPL segment's depreciation and amortization expense are as follows:

	Years Ended December 31,	
	2021	2020
	(millions)	
Reserve reversal (amortization) recorded under the 2016 rate agreement	**$ (429)**	$ 1
Other depreciation and amortization recovered under base rates (excluding reserve amortization) and other	**2,168**	2,017
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	**229**	228
Total	**$ 1,968**	$ 2,246

Depreciation expense decreased $278 million during 2021 primarily reflecting the recording of reserve amortization in 2021 compared to the reversal of reserve amortization in 2020, partly offset by increased depreciation related to higher plant in service balances. Reserve amortization, or reversal of such amortization, reflects adjustments to accrued asset removal costs provided under the 2016 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as either an increase or decrease to accrued asset removal costs which is reflected in noncurrent regulatory assets at December 31, 2021 and in noncurrent regulatory liabilities at December 31, 2020 on NEE's and FPL's consolidated balance sheets. See Note 1 – Rate Regulation – Base Rates Effective January 2022 through December 2025 – and Electric Plant, Depreciation and Amortization – for discussion of reserve amortization, including certain limitations on reserve amortization in 2022, and new unified depreciation rates under the 2021 rate agreement.

Gulf Power: Results of Operations

Gulf Power's net income increased $33 million in 2021. During 2021, operating revenues increased $105 million primarily related to higher fuel cost recovery revenues. Operating expenses – net increased $89 million in 2021 primarily related to increases in fuel, purchased power and interchange expense, partly offset by lower O&M expenses.

NEER: Results of Operations

NEER owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets in the U.S. and Canada. NEER also provides full energy and capacity requirements services, engages in power and fuel marketing and trading activities, owns, develops, constructs and operates rate-regulated transmission facilities and transmission lines and invests in natural gas, natural gas liquids and oil production and pipeline infrastructure assets. NEER's net income less net loss attributable to noncontrolling interests for 2021 and 2020 was $599 million and $531 million, respectively, resulting in an increase in 2021 of $68 million. The primary drivers, on an after-tax basis, of the change are in the following table.

	Increase (Decrease) From Prior Period
	Year Ended December 31, 2021
	(millions)
New investments[a]	$ 235
Existing generation and storage assets[a]	(70)
Gas infrastructure[a]	49
Customer supply and proprietary power and gas trading[b]	(37)
NEET[b]	13
Other, including income taxes and other investment income	52
Change in non-qualifying hedge activity[c]	(1,297)
Change in unrealized gains/losses on equity securities held in nuclear decommissioning funds and OTTI, net[c]	68
NEP investment gains, net[c]	121
Disposal of a business[c]	(274)
Impairment charge related to investment in Mountain Valley Pipeline[c]	1,208
Increase in net income less net loss attributable to noncontrolling interests	$ 68

(a) Reflects after-tax project contributions, including the net effect of deferred income taxes and other benefits associated with PTCs and ITCs for wind, solar and storage projects, as applicable (see Note 1 – Income Taxes and – Sales of Differential Membership Interests and Note 5), but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results, including repowered wind projects, are included in existing generation and storage assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.
(b) Excludes allocation of interest expense and corporate general and administrative expenses.
(c) See Overview – Adjusted Earnings for additional information.

New Investments

In 2021, results from new investments increased primarily due to higher earnings, including the net effect of deferred income taxes and other benefits associated with PTCs and ITCs, related to the addition of wind and solar generating projects and battery storage during or after 2020.

The discussion below describes changes in certain line items set forth in NEE's consolidated statements of income as they relate to NEER.

Operating Revenues

Operating revenues for 2021 decreased $1,993 million primarily due to:

- the impact of non-qualifying commodity hedges due primarily to changes in energy prices (approximately $2,510 million of losses during 2021 compared to $244 million of losses for 2020), and
- lower revenues from existing generation and storage assets of $331 million primarily due to the impacts of severe prolonged winter weather in Texas in February 2021 (February 2021 weather event), the absence of revenues of certain wind and solar facilities sold to NEP in October 2021 and lower nuclear revenues, due primarily to the closure of Duane Arnold in August 2020,

partly offset by,

- revenues from new investments of $263 million,
- net increases in revenues of $247 million from the customer supply, proprietary power and gas trading, and gas infrastructure businesses, and
- higher revenues of $56 million from NEET primarily related to the acquisition of GridLiance in 2021.

Operating Expenses – net

Operating expenses – net for 2021 increased $309 million primarily due to an increase in depreciation expense of $116 million primarily related to new investments, higher fuel costs of $98 million and an increase of $73 million in O&M expenses primarily related to bad debt expense associated with the February 2021 weather event (see Note 1 – Credit Losses).

Gains on Disposal of Businesses/Assets – net

In 2021, gains on disposal of businesses/assets – net primarily relate to sales of ownership interests in wind and solar projects to NEP and a third party; in 2020, the amount was primarily related to the sale of the Spain projects in the first quarter of 2020. See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

Interest Expense
NEER's interest expense for 2021 decreased approximately $292 million primarily reflecting $251 million of favorable impacts related to changes in the fair value of interest rate derivative instruments.

Equity in Earnings (Losses) of Equity Method Investees
NEER recognized $666 million of equity in earnings of equity method investees in 2021 compared to $1,351 million of equity in losses of equity method investees for the prior year. The change for 2021 primarily reflects the absence of an impairment charge related to the investment in Mountain Valley Pipeline of approximately $1.5 billion recorded in 2020 and higher equity in earnings of NEP recorded in 2021 primarily due to changes in the fair value of interest rate derivative instruments. Due to continued legal and regulatory challenges related to Mountain Valley Pipeline, NextEra Energy Resources also recorded an impairment charge in the first quarter of 2022 of approximately $0.8 billion ($0.6 billion after tax). See Note 4 – Nonrecurring Fair Value Measurements.

Tax Credits, Benefits and Expenses
PTCs from wind projects and ITCs from solar and certain wind projects are reflected in NEER's earnings. PTCs are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes. Reflected in income taxes in NEE's consolidated statements of income are PTCs totaling approximately $90 million and $150 million and ITCs totaling approximately $237 million and $133 million in 2021 and 2020, respectively. A portion of the PTCs and ITCs have been allocated to investors in connection with sales of differential membership interests. See Note 1 – Income Taxes for a discussion of PTCs and ITCs and Note 5.

Corporate and Other: Results of Operations

Corporate and Other at NEE is primarily comprised of the operating results of other business activities, as well as corporate interest income and expenses. Corporate and Other allocates a portion of NEECH's corporate interest expense to NextEra Energy Resources. Interest expense is allocated based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries.

Corporate and Other's results increased $268 million during 2021 primarily due to favorable after-tax impacts of approximately $370 million, as compared to the prior year, related to non-qualifying hedge activity as a result of changes in the fair value of interest rate derivative instruments. The favorable non-qualifying hedge activity was partly offset by higher interest and refinancing costs incurred in 2021.

LIQUIDITY AND CAPITAL RESOURCES

NEE and its subsidiaries require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures (see Note 15 – Commitments), investments in or acquisitions of assets and businesses (see Note 6), payment of maturing debt and related derivative obligations (see Note 13 and Note 3) and, from time to time, redemption or repurchase of outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of cash flows from operations, short- and long-term borrowings, the issuance of short- and long-term debt and, from time to time, equity securities, proceeds from differential membership investors and sales of assets to NEP or third parties (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interest), consistent with NEE's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NEE, FPL and NEECH rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NEE, FPL and NEECH to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

In October 2015, NEE authorized a program to purchase, from time to time, up to $150 million of common units representing limited partner interests in NEP. Under the program, purchases may be made in amounts, at prices and at such times as NEE or its subsidiaries deem appropriate, all subject to market conditions and other considerations. The purchases may be made in the open market or in privately negotiated transactions. Any purchases will be made in such quantities, at such prices, in such manner and on such terms and conditions as determined by NEE or its subsidiaries in their discretion, based on factors such as market and business conditions, applicable legal requirements and other factors. The common unit purchase program does not require NEE to acquire any specific number of common units and may be modified or terminated by NEE at any time. The purpose of the program is not to cause NEP's common units to be delisted from the New York Stock Exchange or to cause the common units to be deregistered with the SEC. As of December 31, 2021, the dollar value of units that may yet be purchased by NEE under this program was $114 million. At December 31, 2021, NEE owned a noncontrolling general partner interest in NEP and beneficially owned approximately 55.0% of NEP's voting power.

Cash Flows

NEE's sources and uses of cash for 2021, 2020 and 2019 were as follows:

	Years Ended December 31,		
	2021	2020	2019
		(millions)	
Sources of cash:			
Cash flows from operating activities	$ 7,553	$ 7,983	$ 8,155
Issuances of long-term debt, including premiums and discounts	16,683	12,404	13,905
Proceeds from differential membership investors	2,779	3,522	1,604
Sale of independent power and other investments of NEER	2,761	1,012	1,316
Issuances of common stock/equity units – net	14	—	1,494
Payments from related parties under a cash sweep and credit support agreement – net	47	—	—
Proceeds from sale of noncontrolling interests	65	501	99
Other sources – net	40	83	121
Total sources of cash	29,942	25,505	26,694
Uses of cash:			
Capital expenditures, acquisitions, independent power and other investments and nuclear fuel purchases	(16,077)	(14,610)	(17,462)
Retirements of long-term debt	(9,594)	(6,103)	(5,492)
Net decrease in commercial paper and other short-term debt[(a)]	(426)	(907)	(4,799)
Payments to related parties under a cash sweep and credit support agreement – net	—	(2)	(54)
Issuances of common stock/equity units – net	—	(92)	—
Dividends	(3,024)	(2,743)	(2,408)
Other uses – net	(1,052)	(590)	(628)
Total uses of cash	(30,173)	(25,047)	(30,843)
Effects of currency translation on cash, cash equivalents and restricted cash	1	(20)	4
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (230)	$ 438	$ (4,145)

(a) 2019 amount primarily relates to the acquisition of Gulf Power Company. See Note 6 – Gulf Power Company.

For significant financing activity that occurred in January 2022, see Note 13.

NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generation facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. See Note 15 – Commitments for estimated capital expenditures in 2022 through 2026.

The following table provides a summary of capital investments for 2021, 2020 and 2019.

	Years Ended December 31,		
	2021	2020	2019
	(millions)		
FPL Segment:			
Generation:			
New	$ 830	$ 1,464	$ 1,242
Existing	1,380	1,063	1,215
Transmission and distribution	4,065	3,150	2,893
Nuclear fuel	159	203	195
General and other	835	651	550
Other, primarily change in accrued property additions and exclusion of AFUDC – equity	(484)	149	(340)
Total	6,785	6,680	5,755
Gulf Power	782	1,012	729
NEER:			
Wind	3,777	3,359	1,974
Solar (includes solar plus battery storage projects)	2,011	1,920	1,741
Battery storage	304	168	29
Nuclear, including nuclear fuel	241	125	179
Natural gas pipelines	229	269	687
Other gas infrastructure	669	572	969
Rate-regulated transmission (2021 and 2019 includes acquisitions, see Note 6)	980	360	829
Other	152	120	97
Total	8,363	6,893	6,505
Corporate and Other (2019 primarily relates to acquisitions, see Note 6)	147	25	4,473
Total capital expenditures, independent power and other investments and nuclear fuel purchases	$ 16,077	$ 14,610	$ 17,462

Liquidity

At December 31, 2021, NEE's total net available liquidity was approximately $10.6 billion. The table below provides the components of FPL's and NEECH's net available liquidity at December 31, 2021.

				Maturity Date	
	FPL	NEECH	Total	FPL	NEECH
	(millions)				
Syndicated revolving credit facilities[a]	$ 3,798	$ 5,257	$ 9,055	2022 – 2026	2022 – 2026
Issued letters of credit	(3)	(1,374)	(1,377)		
	3,795	3,883	7,678		
Bilateral revolving credit facilities[b]	780	2,675	3,455	2022 – 2024	2022 – 2023
Borrowings	—	—	—		
	780	2,675	3,455		
Letter of credit facilities[c]	—	2,300	2,300		2022 – 2024
Issued letters of credit	—	(1,307)	(1,307)		
	—	993	993		
Subtotal	4,575	7,551	12,126		
Cash and cash equivalents	55	582	637		
Commercial paper and other short-term borrowings outstanding	(1,582)	(500)	(2,082)		
Amounts due to related parties under the CSCS agreement (see Note 8)	—	(57)	(57)		
Net available liquidity	$ 3,048	$ 7,576	$ 10,624		

(a) Provide for the funding of loans up to the amount of the credit facility and the issuance of letters of credit up to $3,275 million ($650 million for FPL and $2,625 million for NEECH). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's syndicated revolving credit facilities are also available to support the purchase of $1,375 million of pollution control, solid waste disposal and industrial development revenue bonds in the event they are tendered by individual bondholders and not remarketed prior to maturity as well as the repayment of approximately $882 million of floating rate notes in the event an individual noteholder requires repayment at specified dates prior to maturity. Approximately $3,120 million of FPL's and $3,889 million of NEECH's syndicated revolving credit facilities expire in 2026.

(b) Approximately $150 million of NEECH's bilateral revolving credit facilities is available for costs incurred in connection with the development, construction and operations of wind and solar power generation facilities.

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

At December 31, 2021, 72 banks, located globally, participated in FPL's and NEECH's revolving credit facilities, with no one bank providing more than 6% of the combined revolving credit facilities. Pursuant to a 1998 guarantee agreement, NEE guarantees the payment of NEECH's debt obligations under its revolving credit facilities. In order for FPL or NEECH to borrow or to have letters of credit issued under the terms of their respective revolving credit facilities and, also for NEECH, its letter of credit facilities, FPL, in the case of FPL, and NEE, in the case of NEECH, are required, among other things, to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL and NEECH revolving credit facilities also contain default and related acceleration provisions relating to, among other things, failure of FPL and NEE, as the case may be, to maintain the respective ratio of funded debt to total capitalization at or below the specified ratio. At December 31, 2021, each of NEE and FPL was in compliance with its required ratio.

Capital Support

Guarantees, Letters of Credit, Surety Bonds and Indemnifications (Guarantee Arrangements)
Certain subsidiaries of NEE issue guarantees and obtain letters of credit and surety bonds, as well as provide indemnities, to facilitate commercial transactions with third parties and financings. Substantially all of the guarantee arrangements are on behalf of NEE's consolidated subsidiaries, as discussed in more detail below. NEE is not required to recognize liabilities associated with guarantee arrangements issued on behalf of its consolidated subsidiaries unless it becomes probable that they will be required to perform. At December 31, 2021, NEE believes that there is no material exposure related to these guarantee arrangements.

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

In addition, at December 31, 2021, NEE subsidiaries had approximately $5.2 billion in guarantees related to obligations under purchased power agreements, nuclear-related activities, payment obligations related to PTCs, as well as other types of contractual obligations (see Note 4 – Contingent Consideration and Note 15 – Commitments).

In some instances, subsidiaries of NEE elect to issue guarantees instead of posting other forms of collateral required under certain financing arrangements, as well as for other project-level cash management activities. At December 31, 2021, these guarantees totaled approximately $576 million and support, among other things, cash management activities, including those related to debt service and operations and maintenance service agreements, as well as other specific project financing requirements.

Subsidiaries of NEE also issue guarantees to support customer supply and proprietary power and gas trading activities, including the buying and selling of wholesale and retail energy commodities. At December 31, 2021, the estimated mark-to-market exposure (the total amount that these subsidiaries of NEE could be required to fund based on energy commodity market prices at December 31, 2021) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled approximately $1.3 billion.

At December 31, 2021, subsidiaries of NEE also had approximately $3.7 billion of standby letters of credit and approximately $902 million of surety bonds to support certain of the commercial activities discussed above. FPL's and NEECH's credit facilities are available to support the amount of the standby letters of credit.

In addition, as part of contract negotiations in the normal course of business, certain subsidiaries of NEE have agreed and in the future may agree to make payments to compensate or indemnify other parties, including those associated with asset divestitures, for possible unfavorable financial consequences resulting from specified events. The specified events may include, but are not limited to, an adverse judgment in a lawsuit, or the imposition of additional taxes due to a change in tax law or interpretations of the tax law. NEE is unable to estimate the maximum potential amount of future payments under some of these contracts because events that would obligate them to make payments have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL. NEE has fully and unconditionally guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures registered pursuant to the Securities Act of 1933 and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of subsidiaries within the NEER segment. Certain guarantee arrangements described above contain requirements for NEECH and FPL to maintain a specified credit rating. For a discussion of credit rating downgrade triggers, see Credit Ratings below.

NEE fully and unconditionally guarantees NEECH debentures pursuant to a guarantee agreement, dated as of June 1, 1999 (1999 guarantee) and NEECH junior subordinated debentures pursuant to an indenture, dated as of September 1, 2006 (2006 guarantee). The 1999 guarantee is an unsecured obligation of NEE and ranks equally and ratably with all other unsecured and unsubordinated indebtedness of NEE. The 2006 guarantee is unsecured and subordinate and junior in right of payment to NEE senior indebtedness (as defined therein). No payment on those junior subordinated debentures may be made under the 2006

guarantee until all NEE senior indebtedness has been paid in full in certain circumstances. NEE's and NEECH's ability to meet their financial obligations are primarily dependent on their subsidiaries' net income, cash flows and their ability to pay upstream dividends or to repay funds to NEE and NEECH. The dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements.

Summarized financial information of NEE and NEECH is as follows:

	Year Ended December 31, 2021		
	Issuer/ Guarantor Combined[a]	NEECH Consolidated[b]	NEE Consolidated[b]
	(millions)		
Operating revenues	$ (1)	$ 3,139	$ 17,069
Operating income (loss)	$ (352)	$ (1,317)	$ 2,913
Net income (loss)	$ (275)	$ (395)	$ 2,827
Net income (loss) attributable to NEE/NEECH	$ (275)	$ 351	$ 3,573

	December 31, 2021		
	Issuer/ Guarantor Combined[a]	NEECH Consolidated[b]	NEE Consolidated[b]
	(millions)		
Total current assets	$ 48	$ 5,662	$ 9,288
Total noncurrent assets	$ 2,308	$ 57,620	$ 131,624
Total current liabilities	$ 1,553	$ 11,560	$ 17,437
Total noncurrent liabilities	$ 27,956	$ 40,289	$ 77,806
Redeemable noncontrolling interests	$ —	$ 245	$ 245
Noncontrolling interests	$ —	$ 8,222	$ 8,222

(a) Excludes intercompany transactions, and investments in, and equity in earnings of, subsidiaries.

(b) Information has been prepared on the same basis of accounting as NEE's consolidated financial statements.

Shelf Registration

In March 2021, NEE, NEECH and FPL filed a shelf registration statement with the SEC for an unspecified amount of securities, which became effective upon filing. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. Securities that may be issued under the registration statement include, depending on the registrant, senior debt securities, subordinated debt securities, junior subordinated debentures, first mortgage bonds, common stock, preferred stock, depositary shares, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities.

Credit Ratings

NEE's liquidity, ability to access credit and capital markets, cost of borrowings and collateral posting requirements under certain agreements is dependent on its and its subsidiaries credit ratings. At February 17, 2022, Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P) and Fitch Ratings, Inc. (Fitch) had assigned the following credit ratings to NEE, FPL and NEECH:

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

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.
(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.
(c) Short-term ratings are presented as all bonds outstanding are currently paying a short-term interest rate. At FPL's election, a portion or all of the bonds may be adjusted to a long-term interest rate.

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

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

Covenants

NEE's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of NEE to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its subsidiaries. For example, FPL pays dividends to NEE in a manner consistent with FPL's long-term targeted capital structure. However, the mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends to NEE and the issuance of additional first mortgage bonds. Additionally, in some circumstances, the mortgage restricts the amount of retained earnings that FPL can use to pay cash dividends on its common stock. The restricted amount may change based on factors set out in the mortgage. Other than this restriction on the payment of common stock dividends, the mortgage does not restrict FPL's use of retained earnings. At December 31, 2021, no retained earnings were restricted by these provisions of the mortgage and, in light of FPL's current financial condition and level of earnings, management does not expect that planned financing activities or dividends would be affected by these limitations.

FPL may issue first mortgage bonds under its mortgage subject to its meeting an adjusted net earnings test set forth in the mortgage, which generally requires adjusted net earnings to be at least twice the annual interest requirements on, or at least 10% of the aggregate principal amount of, FPL's first mortgage bonds including those to be issued and any other non-junior FPL indebtedness. At December 31, 2021, coverage for the 12 months ended December 31, 2021 would have been approximately 9.1 times the annual interest requirements and approximately 3.9 times the aggregate principal requirements. New first mortgage bonds are also limited to an amount equal to the sum of 60% of unfunded property additions after adjustments to offset property retirements, the amount of retired first mortgage bonds or qualified lien bonds and the amount of cash on deposit with the mortgage trustee. At December 31, 2021, FPL could have issued in excess of $30.5 billion of additional first mortgage bonds based on the unfunded property additions and retired first mortgage bonds. At December 31, 2021, no cash was deposited with the mortgage trustee for these purposes.

In September 2006, NEE and NEECH executed a Replacement Capital Covenant (as amended, September 2006 RCC) in connection with NEECH's offering of $350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (Series B junior subordinated debentures). The September 2006 RCC is for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness (covered debt) of NEECH (other than the Series B junior subordinated debentures) or, in certain cases, of NEE. NEECH's 3.50% Debentures, Series due April 1, 2029 have been designated as the covered debt under the September 2006 RCC. The September 2006 RCC provides that NEECH may redeem, and NEE or NEECH may purchase, any Series B junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price does not exceed a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the September 2006 RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the Series B junior subordinated debentures at the time of redemption or purchase, which are sold within 365 days prior to the date of the redemption or repurchase of the Series B junior subordinated debentures.

In June 2007, NEE and NEECH executed a Replacement Capital Covenant (as amended, June 2007 RCC) in connection with NEECH's offering of $400 million principal amount of its Series C Junior Subordinated Debentures due 2067 (Series C junior subordinated debentures). The June 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of NEECH (other than the Series C junior subordinated debentures) or, in certain cases, of NEE. NEECH's 3.50% Debentures, Series due April 1, 2029 have been designated as the covered debt under the June 2007 RCC. The June 2007 RCC provides that NEECH may redeem or purchase, or satisfy, discharge or defease (collectively, defease), and NEE and any majority-owned subsidiary of NEE or NEECH may purchase, any Series C junior subordinated debentures on or before June 15, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 365 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series C junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the June 2007 RCC.

New Accounting Rules and Interpretations

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board issued an accounting standards update which provides certain options to apply accounting guidance on contract modifications and hedge accounting as companies transition from the London Inter-Bank Offered Rate and other interbank offered rates to alternative reference rates. See Note 1 – Reference Rate Reform.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Accounting for Derivatives and Hedging Activities

NEE uses derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated primarily with outstanding and expected future debt issuances and borrowings. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and fuel marketing and trading activities to take advantage of expected future favorable price movements.

Nature of Accounting Estimates

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

Assumptions and Accounting Approach

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

At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

In NEE's non-rate regulated operations, predominantly NextEra Energy Resources, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income.

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

Certain derivative transactions at NEER are entered into as economic hedges but the transactions do not meet the requirements for hedge accounting, hedge accounting treatment is not elected or hedge accounting has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility. These changes in fair value are reflected in the non-qualifying hedge category in computing adjusted earnings and could be significant to NEER's results because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. For additional information regarding derivative instruments, see Note 3, Overview and Energy Marketing and Trading and Market Risk Sensitivity.

Accounting for Pension Benefits

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

Nature of Accounting Estimates

For the pension plan, the benefit obligation is the actuarial present value, as of the December 31 measurement date, of all benefits attributed by the pension benefit formula to employee service rendered to that date. The amount of benefit to be paid depends on a number of future events incorporated into the pension benefit formula, including an estimate of the average remaining life of employees/survivors as well as the average years of service rendered. The projected benefit obligation is measured based on assumptions concerning future interest rates and future employee compensation levels. NEE derives pension income from actuarial calculations based on the plan's provisions and various management assumptions including discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets.

Assumptions and Accounting Approach

Accounting guidance requires recognition of the funded status of the pension plan in the balance sheet, with changes in the funded status recognized in other comprehensive income within shareholders' equity in the year in which the changes occur.

Since NEE is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, this accounting guidance is reflected at NEE and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses and prior service costs or credits that are estimated to be allocable to FPL as net periodic (income) cost in future periods and that otherwise would be recorded in accumulated other comprehensive income are classified as regulatory assets and liabilities at NEE in accordance with regulatory treatment.

Net periodic pension income is calculated using a number of actuarial assumptions. Those assumptions for the years ended December 31, 2021, 2020 and 2019 include:

	2021	2020	2019
Discount rate	**2.53 %**	3.22 %	4.26 %
Salary increase	**4.40 %**	4.40 %	4.40 %
Expected long-term rate of return, net of investment management fees	**7.35 %**	7.35 %	7.35 %
Weighted-average interest crediting rate	**3.82 %**	3.83 %	3.88 %

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

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

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

		Increase (Decrease) in 2021 Net Periodic Pension Income	
	Change in Assumption	NEE	FPL
		(millions)	
Expected long-term rate of return	(0.5)%	$ (24)	$ (16)
Discount rate	0.5%	$ 13	$ 9
Salary increase	0.5%	$ (4)	$ (3)

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

See Note 12.

Carrying Value of Long-Lived Assets

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

Nature of Accounting Estimates

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

Assumptions and Accounting Approach

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

Carrying Value of Equity Method Investments

NEE evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair value of the investment is less than the carrying value and the investment may be other-than-temporarily impaired.

Nature of Accounting Estimates

Indicators of a potential impairment include, but are not limited to, a series of operating losses of an investee, the absence of an ability to recover the carrying amount of the investment, the inability of the investee to sustain an earnings capacity and a current fair value of an investment that may be less than its carrying value. If indicators of impairment exist, an estimate of the investment's fair value will be calculated. Approaches for estimating fair value include, among others, an income approach using a probability-weighted discounted cash flows model and a market approach using an earnings before interest, taxes, depreciation and amortization (EBITDA) multiple model. The probability assigned to each scenario as well as the cash flows and EBITDA multiple identified are critical in determining fair value.

Assumptions and Accounting Approach

An impairment loss is required to be recognized if the impairment is deemed to be other than temporary. Assessment of whether an investment is other-than-temporarily impaired involves, among other factors, consideration of the length of time that the fair value is below the carrying value, current expected performance relative to the expected performance when the investment was initially made, performance relative to peers, industry performance relative to the economy, credit rating, regulatory actions and legal and permitting challenges. If management is unable to reasonably assert that an impairment is temporary or believes that there will not be full recovery of the carrying value of its investment, then the impairment is considered to be other than temporary. Investments that are other-than-temporarily impaired are written down to their estimated fair value and cannot subsequently be written back up for increases in estimated fair value. Impairment losses are recorded in equity in earnings (losses) of equity method investees in NEE's consolidated statements of income. See Note 4 – Nonrecurring Fair Value Measurements.

Decommissioning and Dismantlement

NEE accounts for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. NEE's AROs relate primarily to decommissioning obligations of FPL's and NEER's nuclear units and to obligations for the dismantlement of certain of NEER's wind and solar facilities.

Nature of Accounting Estimates

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and plant dismantlement costs, involves estimating the amount and timing of future expenditures and making judgments concerning whether or not such costs are considered a legal obligation. Estimating the amount and timing of future expenditures includes, among other things, making projections of when assets will be retired and ultimately decommissioned and how costs will escalate with inflation. In addition, NEE also makes interest rate and rate of return projections on its investments in determining recommended funding requirements for nuclear decommissioning costs. Periodically, NEE is required to update these estimates and projections which can affect the annual expense amounts recognized, the liabilities recorded and the annual funding requirements for nuclear decommissioning costs. For example, an increase of 0.25% in the assumed escalation rates for nuclear decommissioning costs would increase NEE's AROs at December 31, 2021 by approximately $234 million.

Assumptions and Accounting Approach

FPL – For ratemaking purposes, FPL accrues and funds for nuclear plant decommissioning costs over the expected service life of each unit based on studies that are approved by the FPSC. The most recent studies, filed in 2020, reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units at the time of the studies. FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $10.2 billion, or $2.4 billion expressed in 2021 dollars. The ultimate costs of decommissioning reflect the application submitted to the NRC for the extension of St. Lucie Units Nos. 1 and 2 licenses for an additional 20 years.

FPL accrues the cost of dismantling its other generation plants over the expected service life of each unit based on studies filed with the FPSC. Unlike nuclear decommissioning, dismantlement costs are not funded. The most recent studies became effective January 1, 2022. At December 31, 2021, FPL's portion of the ultimate cost to dismantle its other generation plants is approximately $2.5 billion, or $1.2 billion expressed in 2021 dollars. The majority of the dismantlement costs are not reported as AROs. FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. Any differences between the amount of the ARO and the amount recorded for ratemaking purposes are reported as a regulatory asset or liability in accordance with regulatory accounting.

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

	Nuclear Decommissioning		Other Generation Plant Dismantlement		Interim Removal Costs and Other		Total	
	December 31,		December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
				(millions)				
AROs[a]	$ 1,736	$ 1,604	$ 364	$ 326	$ 7	$ 6	$ 2,107	$ 1,936
Less capitalized ARO asset net of accumulated depreciation	63	—	56	59	1	1	120	60
Accrued asset removal costs[b]	447	408	198	227	(156)	544	489	1,179
Asset retirement obligation regulatory expense difference[c]	4,399	3,690	(218)	(185)	(9)	(5)	4,172	3,500
Accrued decommissioning, dismantlement and other accrued asset removal costs[d]	$ 6,519	$ 5,702	$ 288	$ 309	$ (159)	$ 544	$ 6,648	$ 6,555

(a) See Note 11.
(b) Included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets, except for $263 million which is related to interim removal costs and is included in noncurrent regulatory assets as of December 31, 2021. See Note 1 – Rate Regulation.
(c) Included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets, except for $118 million and $83 million which are related to other generation plant dismantlement and are included in noncurrent regulatory assets as of December 31, 2021 and 2020, respectively.
(d) Represents total amount accrued for ratemaking purposes.

NEER – NEER records liabilities for the present value of its expected nuclear plant decommissioning costs which are determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. The liabilities are being accreted using the interest method through the date decommissioning activities are expected to be complete. At December 31, 2021 and 2020, the AROs for decommissioning of NEER's nuclear plants approximated $599 million and $637 million, respectively. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $9.4 billion, or $2.1 billion expressed in 2021 dollars.

See Note 1 – Asset Retirement Obligations and – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 11.

Regulatory Accounting

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

Nature of Accounting Estimates

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

Assumptions and Accounting Approach

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

ENERGY MARKETING AND TRADING AND MARKET RISK SENSITIVITY

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

Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and fuel marketing and trading activities to take advantage of expected future favorable price movements. See Critical Accounting Policies and Estimates – Accounting for Derivatives and Hedging Activities and Note 3.

During 2020 and 2021, the changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments were as follows:

		Hedges on Owned Assets		
	Trading	Non-Qualifying	FPL Cost Recovery Clauses	NEE Total
		(millions)		
Fair value of contracts outstanding at December 31, 2019	$ 651	$ 1,209	$ (11)	$ 1,849
Reclassification to realized at settlement of contracts	(329)	(253)	12	(570)
Value of contracts acquired	91	(36)	—	55
Net option premium purchases (issuances)	10	4	—	14
Changes in fair value excluding reclassification to realized	283	72	(1)	354
Fair value of contracts outstanding at December 31, 2020	706	996	—	1,702
Reclassification to realized at settlement of contracts	**179**	**293**	**(7)**	**465**
Value of contracts acquired	**80**	**9**	**—**	**89**
Net option premium purchases (issuances)	**23**	**11**	**—**	**34**
Changes in fair value excluding reclassification to realized	**(10)**	**(2,701)**	**8**	**(2,703)**
Fair value of contracts outstanding at December 31, 2021	**978**	**(1,392)**	**1**	**(413)**
Net margin cash collateral paid (received)				**(28)**
Total mark-to-market energy contract net assets (liabilities) at December 31, 2021	**$ 978**	**$ (1,392)**	**$ 1**	**$ (441)**

NEE's total mark-to-market energy contract net assets (liabilities) at December 31, 2021 shown above are included on the consolidated balance sheets as follows:

	December 31, 2021
	(millions)
Current derivative assets	**$ 689**
Noncurrent derivative assets	**1,068**
Current derivative liabilities	**(1,175)**
Noncurrent derivative liabilities	**(1,023)**
NEE's total mark-to-market energy contract net liabilities	**$ (441)**

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2021 were as follows:

	Maturity						
	2022	2023	2024	2025	2026	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	$ (190)	$ (176)	$ (145)	$ (95)	$ (7)	$ 1	$ (612)
Significant other observable inputs	499	422	248	195	81	97	1,542
Significant unobservable inputs	(139)	(79)	1	22	30	213	48
Total	170	167	104	122	104	311	978
Owned Assets – Non-Qualifying:							
Quoted prices in active markets for identical assets	(37)	(24)	(2)	—	—	—	(63)
Significant other observable inputs	(479)	(371)	(253)	(150)	(91)	(101)	(1,445)
Significant unobservable inputs	29	17	12	18	19	21	116
Total	(487)	(378)	(243)	(132)	(72)	(80)	(1,392)
Owned Assets – FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	(5)	—	—	—	—	—	(5)
Significant unobservable inputs	7	(1)	—	—	—	—	6
Total	2	(1)	—	—	—	—	1
Total sources of fair value	$ (315)	$ (212)	$ (139)	$ (10)	$ 32	$ 231	$ (413)

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

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

	Trading[a]			Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses[b]			Total		
	FPL	NEER	NEE	FPL	NEER	NEE	FPL	NEER	NEE
	(millions)								
December 31, 2020	$ —	$ 3	$ 3	$ 1	$ 77	$ 78	$ 1	$ 84	$ 85
December 31, 2021	**$ —**	**$ 17**	**$ 17**	**$ 1**	**$ 148**	**$ 148**	**$ 1**	**$ 149**	**$ 149**
Average for the year ended December 31, 2021	**$ —**	**$ 11**	**$ 11**	**$ —**	**$ 100**	**$ 100**	**$ —**	**$ 101**	**$ 101**

(a) The VaR figures for the trading portfolio include positions that are marked to market. Taking into consideration offsetting unmarked non-derivative positions, such as physical inventory, the trading VaR figures were approximately $9 million and $3 million at December 31, 2021 and December 31, 2020, respectively.

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

Interest Rate Risk

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

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

	December 31, 2021		December 31, 2020	
	Carrying Amount	Estimated Fair Value[(a)]	Carrying Amount	Estimated Fair Value[(a)]
	(millions)			
NEE:				
Fixed income securities:				
Special use funds	$ 2,505	$ 2,505	$ 2,134	$ 2,134
Other investments, primarily debt securities	$ 311	$ 311	$ 247	$ 247
Long-term debt, including current portion	$ 52,745	$ 57,290	$ 46,082	$ 51,525
Interest rate contracts – net unrealized losses	$ (633)	$ (633)	$ (961)	$ (961)
FPL:				
Fixed income securities – special use funds	$ 1,934	$ 1,934	$ 1,617	$ 1,617
Long-term debt, including current portion	$ 18,510	$ 21,379	$ 17,236	$ 21,178

(a) See Notes 3 and 4.

The special use funds of NEE and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NEE's and FPL's nuclear power plants. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery. A portion of these funds is invested in fixed income debt securities primarily carried at estimated fair value. At FPL, changes in fair value, including any credit losses, result in a corresponding adjustment to the related regulatory asset or liability accounts based on current regulatory treatment. The changes in fair value for NEE's non-rate regulated operations result in a corresponding adjustment to other comprehensive income, except for credit losses and unrealized losses on available for sale securities intended or required to be sold prior to recovery of the amortized cost basis, which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities.

At December 31, 2021, NEE had interest rate contracts with a notional amount of approximately $11.2 billion to manage exposure to the variability of cash flows associated with expected future and outstanding debt issuances at NEECH and NEER. See Note 3.

Based upon a hypothetical 10% decrease in interest rates, the fair value of NEE's net liabilities would increase by approximately $1,440 million ($664 million for FPL) at December 31, 2021.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE's nuclear decommissioning reserve funds include marketable equity securities carried at their market value of approximately $5,511 million and $4,726 million ($3,552 million and $3,012 million for FPL) at December 31, 2021 and 2020, respectively. NEE's and FPL's investment strategy for equity securities in their nuclear decommissioning reserve funds emphasizes marketable securities which are broadly diversified. At December 31, 2021, a hypothetical 10% decrease in the prices quoted on stock exchanges would result in an approximately $520 million ($335 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related regulatory asset or liability accounts based on current regulatory treatment, and for NEE's non-rate regulated operations, a corresponding amount would be recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net in NEE's consolidated statements of income.

Credit Risk

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

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

- Operations are primarily concentrated in the energy industry.

- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the U.S.
- Overall credit risk is managed through established credit policies and is overseen by the EMC.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of margin cash collateral.
- Master netting agreements are used to offset cash and noncash gains and losses arising from derivative instruments with the same counterparty. NEE's policy is to have master netting agreements in place with significant counterparties.

Based on NEE's policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. At December 31, 2021, NEE's credit risk exposure associated with its energy marketing and trading counterparties, taking into account collateral and contractual netting rights, totaled approximately $1.9 billion ($61 million for FPL), of which approximately 64% (100% for FPL) was with companies that have investment grade credit ratings. With regard to credit risk exposure to counterparties with below investment grade credit ratings, NEE has first lien security positions with respect to approximately 60% of such exposure. For the remaining unsecured positions with counterparties that have below investment grade credit ratings, no one counterparty makes up more than 9% of NEE's total exposure to below investment grade counterparties. See Notes 1 – Credit Losses, 2 and 3.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

Management assessed the effectiveness of NEE's and FPL's internal control over financial reporting as of December 31, 2021, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control – Integrated Framework (2013)*. Based on this assessment, management believes that NEE's and FPL's internal control over financial reporting was effective as of December 31, 2021.

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

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer of NEE and Chairman of FPL

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance and Chief Financial Officer of NEE and FPL

JAMES M. MAY

James M. May
Vice President, Controller and Chief Accounting Officer of NEE

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer of FPL

KEITH FERGUSON

Keith Ferguson
Controller of FPL

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NextEra Energy, Inc. and subsidiaries (NEE) and Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, NEE and FPL maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of NEE and FPL and our report dated February 17, 2022, expressed unqualified opinions on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 17, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NextEra Energy, Inc. and subsidiaries (NEE) and the related separate consolidated balance sheets of Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2021 and 2020, and NEE's and FPL's related consolidated statements of income and cash flows, NEE's consolidated statements of comprehensive income and equity, and FPL's consolidated statements of common shareholder's equity, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of NEE and the consolidated financial position of FPL as of December 31, 2021 and 2020, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), NEE's and FPL's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2022, expressed unqualified opinions on NEE's and FPL's internal control over financial reporting.

Emphasis of Matter

As discussed in Note 6 to the financial statements, on January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. FPL's 2019 and 2020 financial statements have been retrospectively adjusted to reflect this merger. Our opinion is not modified with respect to this matter.

Basis for Opinion

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements of NEE and FPL that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

NEE – Operating Revenue – Unrealized Losses – Refer to Note 3 to the financial statements

Critical Audit Matter Description

NEE enters into complex energy derivatives and transacts in certain markets that are thinly traded, which may result in subjective estimates of fair value that include unobservable inputs. Changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are primarily recognized on a net basis in operating revenues. For the year ended December 31, 2021, unrealized losses associated with Level 3 transactions of $924 million are included in operating revenues in the consolidated statement of income of NEE.

Given management uses complex proprietary models and unobservable inputs to estimate the fair value of Level 3 derivative assets and liabilities, performing audit procedures to evaluate the appropriateness of these models and inputs required a high degree of auditor judgment and an increased extent of effort, including the need to involve our firm specialists who possess significant quantitative and modeling expertise.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to operating revenue – unrealized losses included the following, among others:

- We tested the effectiveness of controls relating to commodity valuation models, their related Level 3 unobservable inputs, and market data validation.
- We selected a sample of transactions, obtained an understanding of the business rationale of transactions, and read the underlying contractual agreements.
- We used personnel in our firm who specialize in energy transacting to independently value Level 3 transactions. For certain fair value models, we used our firm specialists to directly test the underlying assumptions of the unobservable inputs used by management.
- We evaluated NEE's disclosures related to the proprietary models and unobservable inputs to estimate the fair value of Level 3 derivative assets and liabilities, including the balances recorded and significant assumptions.

FPL – Impact of Rate Regulation on the Financial Statements – Refer to Note 1 to the financial statements

Critical Audit Matter Description

FPL is subject to rate regulation by the Florida Public Service Commission (the "FPSC"), which has jurisdiction with respect to the rates of electric distribution companies. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures, such as property, plant, and equipment; regulatory assets and liabilities; operating revenues; operation and maintenance expense; and depreciation expense.

Rates are determined and approved in regulatory proceedings based on an analysis of FPL's costs to provide utility service and a return on, and recovery of, FPL's investment in the assets required to deliver utility service. Accounting guidance for FPL's regulated operations provides that rate-regulated entities report assets and liabilities consistent with the recovery of those incurred costs in rates, if it is probable that such rates will be charged and collected. The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Future FPSC decisions could impact the accounting for regulated operations, including decisions about the amount of allowable costs and any refunds that may be required. As a result of this cost-based regulation, FPL follows the accounting guidance that allows regulators to create assets and impose liabilities, based on the probability of future cash flows, that would not be recorded by non-rate regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process.

We identified the impact of rate regulation as a critical audit matter due to the requirement to have auditors with deep knowledge of and significant experience with accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impact of rate regulation included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment and regulatory assets or liabilities; the depreciation and amortization of such amounts in accordance with FPSC orders; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs recognized as property, plant and equipment and regulatory assets in future rates or of a refund or future reduction in rates that should be recognized as a regulatory liability.
- We evaluated FPL's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We assessed the likelihood of (1) recovery of recorded regulatory assets and (2) obligations requiring future reductions in rates by obtaining, reading and evaluating relevant regulatory orders issued by the FPSC to FPL, including the December 2, 2021 order adopting the stipulation of settlement for FPL's 2021 rate agreement. We also evaluated such regulatory orders and other publicly available filings made by FPL and compared them to management's recorded regulatory asset and liability balances for completeness.

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 17, 2022

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

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

	Years Ended December 31,		
	2021	2020	2019
OPERATING REVENUES	**$ 17,069**	$ 17,997	$ 19,204
OPERATING EXPENSES			
Fuel, purchased power and interchange	**4,527**	3,539	4,363
Other operations and maintenance	**3,953**	3,751	3,640
Storm restoration costs	**28**	183	234
Depreciation and amortization	**3,924**	4,052	4,216
Taxes other than income taxes and other – net	**1,801**	1,709	1,804
Total operating expenses – net	**14,233**	13,234	14,257
GAINS ON DISPOSAL OF BUSINESSES/ASSETS – NET	**77**	353	406
OPERATING INCOME	**2,913**	5,116	5,353
OTHER INCOME (DEDUCTIONS)			
Interest expense	**(1,270)**	(1,950)	(2,249)
Equity in earnings (losses) of equity method investees	**666**	(1,351)	66
Allowance for equity funds used during construction	**142**	93	67
Gains on disposal of investments and other property – net	**70**	50	55
Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net	**267**	163	238
Other net periodic benefit income	**257**	200	185
Other – net	**130**	92	121
Total other income (deductions) – net	**262**	(2,703)	(1,517)
INCOME BEFORE INCOME TAXES	**3,175**	2,413	3,836
INCOME TAXES	**348**	44	448
NET INCOME	**2,827**	2,369	3,388
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**746**	550	381
NET INCOME ATTRIBUTABLE TO NEE	**$ 3,573**	$ 2,919	$ 3,769
Earnings per share attributable to NEE:			
Basic	**$ 1.82**	$ 1.49	$ 1.95
Assuming dilution	**$ 1.81**	$ 1.48	$ 1.94

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

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

	Years Ended December 31,		
	2021	2020	2019
NET INCOME	**$ 2,827**	$ 2,369	$ 3,388
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive income (loss) to net income (net of $2 tax benefit, $4 tax benefit and $8 tax expense, respectively)	**6**	12	29
Net unrealized gains (losses) on available for sale securities:			
Net unrealized gains (losses) on securities still held (net of $4 tax benefit, $4 tax expense and $8 tax expense, respectively)	**(11)**	12	20
Reclassification from accumulated other comprehensive income (loss) to net income (net of $2 tax expense, $1 tax expense and $1 tax benefit, respectively)	**(4)**	(3)	(2)
Defined benefit pension and other benefits plans:			
Net unrealized gain (loss) and unrecognized prior service benefit (cost) (net of $30 tax expense, $11 tax expense and $14 tax benefit, respectively)	**95**	37	(46)
Reclassification from accumulated other comprehensive income (loss) to net income (net of $1 tax benefit, $1 tax benefit and $1 tax benefit, respectively)	**5**	2	(3)
Net unrealized gains (losses) on foreign currency translation	**(1)**	13	22
Other comprehensive income related to equity method investees (net of less than $1 tax expense, less than $1 tax expense and $0 tax expense, respectively)	**1**	1	1
Total other comprehensive income, net of tax	**91**	74	21
IMPACT OF DISPOSAL OF A BUSINESS (NET OF $19 TAX BENEFIT)	**—**	10	—
COMPREHENSIVE INCOME	**2,918**	2,453	3,409
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**747**	543	380
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	**$ 3,665**	$ 2,996	$ 3,789

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

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

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 639	$ 1,105
Customer receivables, net of allowances of $35 and $67, respectively	3,378	2,263
Other receivables	730	711
Materials, supplies and fuel inventory	1,561	1,552
Regulatory assets	1,125	377
Derivatives	689	570
Other	1,166	804
Total current assets	9,288	7,382
Other assets:		
Property, plant and equipment – net ($20,521 and $18,084 related to VIEs, respectively)	99,348	91,803
Special use funds	8,922	7,779
Investment in equity method investees	6,159	5,728
Prepaid benefit costs	2,243	1,707
Regulatory assets	4,578	3,712
Derivatives	1,135	1,647
Goodwill	4,844	4,254
Other	4,395	3,672
Total other assets	131,624	120,302
TOTAL ASSETS	$ 140,912	$ 127,684
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Commercial paper	$ 1,382	$ 1,551
Other short-term debt	700	458
Current portion of long-term debt ($58 and $27 related to VIEs, respectively)	1,785	4,138
Accounts payable ($752 and $1,433 related to VIEs, respectively)	6,935	4,615
Customer deposits	485	474
Accrued interest and taxes	525	519
Derivatives	1,263	311
Accrued construction-related expenditures	1,378	991
Regulatory liabilities	289	245
Other	2,695	2,256
Total current liabilities	17,437	15,558
Other liabilities and deferred credits:		
Long-term debt ($1,125 and $493 related to VIEs, respectively)	50,960	41,944
Asset retirement obligations	3,082	3,057
Deferred income taxes	8,310	8,020
Regulatory liabilities	11,273	10,735
Derivatives	1,713	1,199
Other	2,468	2,242
Total other liabilities and deferred credits	77,806	67,197
TOTAL LIABILITIES	95,243	82,755
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTERESTS – VIE	245	—
EQUITY		
Common stock ($0.01 par value, authorized shares – 3,200, outstanding shares – 1,963 and 1,960, respectively)	20	20
Additional paid-in capital	11,271	11,222
Retained earnings	25,911	25,363
Accumulated other comprehensive loss	—	(92)
Total common shareholders' equity	37,202	36,513
Noncontrolling interests ($8,217 and $8,413 related to VIEs, respectively)	8,222	8,416
TOTAL EQUITY	45,424	44,929
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	$ 140,912	$ 127,684

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

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

	Years Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 2,827	$ 2,369	$ 3,388
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,924	4,052	4,216
Nuclear fuel and other amortization	290	263	262
Unrealized losses (gains) on marked to market derivative contracts – net	2,005	533	(108)
Foreign currency transaction losses (gains)	(94)	45	17
Deferred income taxes	436	(78)	258
Cost recovery clauses and franchise fees	(599)	(121)	155
Equity in losses (earnings) of equity method investees	(666)	1,351	(66)
Distributions of earnings from equity method investees	526	456	438
Gains on disposal of businesses, assets and investments – net	(146)	(403)	(461)
Recoverable storm-related costs	(138)	(69)	(180)
Other – net	(326)	189	(141)
Changes in operating assets and liabilities:			
Current assets	(1,267)	(364)	123
Noncurrent assets	(324)	(234)	(93)
Current liabilities	1,053	(6)	116
Noncurrent liabilities	52	—	231
Net cash provided by operating activities	7,553	7,983	8,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL Segment	(6,626)	(6,477)	(5,560)
Acquisition and capital expenditures of Gulf Power	(782)	(1,012)	(5,165)
Independent power and other investments of NEER	(8,247)	(6,851)	(6,385)
Nuclear fuel purchases	(275)	(245)	(315)
Other capital expenditures	(147)	(25)	(37)
Sale of independent power and other investments of NEER	2,761	1,012	1,316
Proceeds from sale or maturity of securities in special use funds and other investments	4,995	3,916	4,008
Purchases of securities in special use funds and other investments	(5,310)	(4,100)	(4,160)
Other – net	40	83	121
Net cash used in investing activities	(13,591)	(13,699)	(16,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt, including premiums and discounts	16,683	12,404	13,905
Retirements of long-term debt	(9,594)	(6,103)	(5,492)
Proceeds from differential membership investors	2,779	3,522	1,604
Net change in commercial paper	(169)	(965)	(234)
Proceeds from other short-term debt	—	2,158	200
Repayments of other short-term debt	(257)	(2,100)	(4,765)
Payments from (to) related parties under a cash sweep and credit support agreement – net	47	(2)	(54)
Issuances of common stock/equity units – net	14	(92)	1,494
Proceeds from sale of noncontrolling interests	65	501	99
Dividends on common stock	(3,024)	(2,743)	(2,408)
Other – net	(737)	(406)	(476)
Net cash provided by financing activities	5,807	6,174	3,873
Effects of currency translation on cash, cash equivalents and restricted cash	1	(20)	4
Net increase (decrease) in cash, cash equivalents and restricted cash	(230)	438	(4,145)
Cash, cash equivalents and restricted cash at beginning of year	1,546	1,108	5,253
Cash, cash equivalents and restricted cash at end of year	$ 1,316	$ 1,546	$ 1,108
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 1,323	$ 1,432	$ 1,799
Cash paid (received) for income taxes – net	$ (69)	$ 235	$ 184
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	$ 4,995	$ 4,445	$ 3,573
Increase in property, plant and equipment related to an acquisition	$ —	$ 68	$ —
Decrease in joint venture investments related to an acquisition	$ —	$ 145	$ —

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
	Shares	Aggregate Par Value							
Balances, December 31, 2018	1,912	$ 19	$ 10,476	$ (188)	$ 23,837	$ 34,144	$ 3,269	$ 37,413	$ 468
Net income (loss)	—	—	—	—	3,769	3,769	(371)		(9)
Issuances of common stock/equity units – net	40	—	1,470	—	—	1,470	—		—
Share-based payment activity	4	—	164	—	—	164	—		—
Dividends on common stock[a]	—	—	—	—	(2,408)	(2,408)	—		—
Other comprehensive income	—	—	—	20	—	20	1		—
Premium on equity units	—	—	(120)	—	—	(120)	—		—
Other differential membership interest activity	—	—	(20)	—	—	(20)	1,270		29
Other	—	1	(15)	(1)	1	(14)	186		(1)
Balances, December 31, 2019	1,956	20	11,955	(169)	25,199	37,005	4,355	$ 41,360	487
Net income (loss)	—	—	—	—	2,919	2,919	(546)		(4)
Issuances of common stock/equity units – net	—	—	(92)	—	—	(92)	—		—
Share-based payment activity	4	—	153	—	—	153	—		—
Dividends on common stock[a]	—	—	—	—	(2,743)	(2,743)	—		—
Other comprehensive income	—	—	—	67	—	67	7		—
Impact of disposal of a business	—	—	—	10	—	10	—		—
Adoption of accounting standards update[b]	—	—	—	—	(11)	(11)	—		—
Premium on equity units	—	—	(587)	—	—	(587)	—		—
Other differential membership interests activity	—	—	(36)	—	—	(36)	3,809		(483)
Sale of noncontrolling interests	—	—	(169)	—	—	(169)	689		—
Other	—	—	(2)	—	(1)	(3)	102		—
Balances, December 31, 2020	1,960	20	11,222	(92)	25,363	36,513	8,416	$ 44,929	—
Net income (loss)	—	—	—	—	3,573	3,573	(748)		2
Share-based payment activity	3	—	132	—	—	132	—		—
Dividends on common stock[a]	—	—	—	—	(3,024)	(3,024)	—		—
Other comprehensive income (loss)	—	—	—	92	—	92	(1)		—
Other differential membership interests activity[c]	—	—	(26)	—	—	(26)	363		243
Other	—	—	(57)	—	(1)	(58)	192		—
Balances, December 31, 2021	1,963	$ 20	$ 11,271	$ —	$ 25,911	$ 37,202	$ 8,222	$ 45,424	$ 245

(a) Dividends per share were $1.54, $1.40 and $1.25 for the years ended December 31, 2021, 2020 and 2019, respectively.
(b) See Note 1 – Measurement of Credit Losses on Financial Instruments.
(c) See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

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

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

	Years Ended December 31,		
	2021	2020[a]	2019[a]
OPERATING REVENUES	**$ 14,102**	$ 13,060	$ 13,680
OPERATING EXPENSES			
Fuel, purchased power and interchange	**3,956**	3,060	3,802
Other operations and maintenance	**1,803**	1,707	1,790
Storm restoration costs	**28**	183	234
Depreciation and amortization	**2,266**	2,526	2,771
Taxes other than income taxes and other – net	**1,533**	1,464	1,504
Total operating expenses – net	**9,586**	8,940	10,101
OPERATING INCOME	**4,516**	4,120	3,579
OTHER INCOME (DEDUCTIONS)			
Interest expense	**(615)**	(641)	(649)
Allowance for equity funds used during construction	**132**	87	66
Other – net	**11**	2	7
Total other deductions – net	**(472)**	(552)	(576)
INCOME BEFORE INCOME TAXES	**4,044**	3,568	3,003
INCOME TAXES	**838**	678	484
NET INCOME[b]	**$ 3,206**	$ 2,890	$ 2,519

(a) Amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.
(b) FPL's comprehensive income is the same as reported net income.

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

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

	December 31,	
	2021	2020[a]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55	$ 25
Customer receivables, net of allowances of $11 and $44, respectively	1,297	1,141
Other receivables	350	405
Materials, supplies and fuel inventory	963	899
Regulatory assets	1,111	360
Other	142	182
Total current assets	3,918	3,012
Other assets:		
Electric utility plant and other property – net	58,227	53,879
Special use funds	6,158	5,347
Prepaid benefit costs	1,657	1,550
Regulatory assets	4,343	3,399
Goodwill	2,989	2,989
Other	775	825
Total other assets	74,149	67,989
TOTAL ASSETS	$ 78,067	$ 71,001
LIABILITIES AND EQUITY		
Current liabilities:		
Commercial paper	$ 1,382	$ 1,551
Other short-term debt	200	200
Current portion of long-term debt	536	354
Accounts payable	1,318	874
Customer deposits	478	468
Accrued interest and taxes	322	300
Accrued construction-related expenditures	601	423
Regulatory liabilities	278	224
Other	643	948
Total current liabilities	5,758	5,342
Other liabilities and deferred credits:		
Long-term debt	17,974	16,882
Asset retirement obligations	2,049	1,871
Deferred income taxes	7,137	6,519
Regulatory liabilities	11,053	10,600
Other	502	559
Total other liabilities and deferred credits	38,715	36,431
TOTAL LIABILITIES	44,473	41,773
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	1,373	1,373
Additional paid-in capital	19,936	18,236
Retained earnings	12,285	9,619
TOTAL EQUITY	33,594	29,228
TOTAL LIABILITIES AND EQUITY	$ 78,067	$ 71,001

(a) Amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.

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

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

	Years Ended December 31,		
	2021	2020[a]	2019[a]
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,206	$ 2,890	$ 2,519
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,266	2,526	2,771
Nuclear fuel and other amortization	174	167	178
Deferred income taxes	752	629	45
Cost recovery clauses and franchise fees	(599)	(121)	155
Recoverable storm-related costs	(138)	(69)	(180)
Other – net	(157)	35	(5)
Changes in operating assets and liabilities:			
Current assets	(49)	(164)	(42)
Noncurrent assets	(114)	(77)	22
Current liabilities	20	31	50
Noncurrent liabilities	(3)	(31)	(12)
Net cash provided by operating activities	5,358	5,816	5,501
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(7,411)	(7,476)	(6,290)
Nuclear fuel purchases	(159)	(203)	(195)
Proceeds from sale or maturity of securities in special use funds	3,308	2,488	2,729
Purchases of securities in special use funds	(3,394)	(2,567)	(2,854)
Other – net	15	65	10
Net cash used in investing activities	(7,641)	(7,693)	(6,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt, including premiums and discounts	2,588	3,003	2,998
Retirements of long-term debt	(1,304)	(1,603)	(200)
Net change in commercial paper	(169)	(123)	418
Proceeds from other short-term debt	—	—	200
Capital contributions from NEE	1,700	2,750	359
Dividends to NEE	(540)	(2,210)	(2,620)
Other – net	(44)	(44)	(46)
Net cash provided by financing activities	2,231	1,773	1,109
Net increase (decrease) in cash, cash equivalents and restricted cash	(52)	(104)	10
Cash, cash equivalents and restricted cash at beginning of year	160	264	254
Cash, cash equivalents and restricted cash at end of year	$ 108	$ 160	$ 264
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 586	$ 620	$ 614
Cash paid (received) for income taxes – net	$ (1)	$ 105	$ 584
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	$ 1,107	$ 698	$ 914
NEE's noncash contribution of a consolidated subsidiary – net	$ —	$ —	$ 4,436

(a) Amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.

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

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 2018	$ 1,373	$ 10,601	$ 9,040	$ 21,014
Net income	—	—	2,519	
Capital contributions from NEE	—	359	—	
Dividends to NEE	—	—	(2,620)	
NEE's contribution of a consolidated subsidiary	—	4,525	—	
Balances, December 31, 2019	1,373	15,485	8,939	$ 25,797
Net income	—	—	2,890	
Capital contributions from NEE	—	2,750	—	
Dividends to NEE	—	—	(2,210)	
Other	—	1	—	
Balances, December 31, 2020	1,373	18,236	9,619	$ 29,228
Net income	—	—	3,206	
Capital contributions from NEE	—	1,700	—	
Dividends to NEE	—	—	(540)	
Balances, December 31, 2021	$ 1,373	$ 19,936	$ 12,285	$ 33,594

(a) 2020 and 2019 amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.

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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2021, 2020 and 2019

1. Summary of Significant Accounting and Reporting Policies

Basis of Presentation – The operations of NextEra Energy, Inc. (NEE) are conducted primarily through Florida Power & Light Company (FPL), a wholly owned subsidiary, and NextEra Energy Resources, LLC (NextEra Energy Resources) and NextEra Energy Transmission, LLC (NEET) (collectively, NEER), wholly owned indirect subsidiaries that are combined for segment reporting purposes. On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment (FPL, excluding Gulf Power, related purchase accounting adjustments and eliminating entries) and the Gulf Power segment (Gulf Power) continued to be operating segments of NEE, as well as FPL, through 2021. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE (see Rate Regulation – Base Rates Effective January 2022 through December 2025 below). The merger of FPL and Gulf Power Company was a merger between entities under common control, which required it to be accounted for as if the merger occurred since the inception of common control, with prior periods retrospectively adjusted to furnish comparative information. Accordingly, FPL's consolidated financial statements have been retrospectively adjusted to include the historical results and financial position of the common control merger prior to the merger date. See Note 6 – Merger of FPL and Gulf Power Company.

FPL's principal business is a rate-regulated electric utility which supplies electric service to more than 5.7 million customer accounts throughout most of the east and lower west coasts of Florida and eight counties throughout northwest Florida. NEER invests in independent power projects through both controlled and consolidated entities and noncontrolling ownership interests in joint ventures. NEER participates in natural gas, natural gas liquids and oil production primarily through operating and non-operating ownership interests and in pipeline infrastructure through either wholly owned subsidiaries or noncontrolling or joint venture interests. NEER also invests in rate-regulated transmission facilities and transmission lines that connect its electric generation facilities to the electric grid through controlled and consolidated entities.

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

NEP was formed in 2014 to acquire, manage and own contracted clean energy projects with stable long-term cash flows through a limited partner interest in NextEra Energy Operating Partners, LP (NEP OpCo). NEP owns or has an ownership interest in a portfolio of wind, solar and solar plus battery storage projects and long-term contracted natural gas pipelines. NEE owns a noncontrolling interest in NEP and accounts for its ownership interest in NEP as an equity method investment with its earnings/losses from NEP as equity in earnings (losses) of equity method investees and accounts for NextEra Energy Resources' project sales to NEP as third-party sales in its consolidated financial statements. NEER operates essentially all of the energy projects owned by NEP and provide services to NEP under various related party operations and maintenance, administrative and management services agreements.

Operating Revenues – FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers as further discussed in Note 2, as well as, at NEER, derivative and lease transactions. FPL's operating revenues include amounts resulting from base rates, cost recovery clauses (see Rate Regulation below), franchise fees, gross receipts taxes and surcharges related to storms (see Storm Funds, Storm Reserves and Storm Cost Recovery below). Franchise fees and gross receipts taxes are imposed on FPL; however, the Florida Public Service Commission (FPSC) allows FPL to include in the amounts charged to customers the amount of the gross receipts tax for all customers and the franchise fee for those customers located in the jurisdiction that imposes the amount. Accordingly, FPL's franchise fees and gross receipts taxes are reported gross in operating revenues and taxes other than income taxes and other in NEE's and FPL's consolidated statements of income and were approximately $852 million, $800 million and $838 million in 2021, 2020 and 2019, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on NEE's and FPL's consolidated balance sheets. Certain NEER commodity contracts for the purchase and sale of power that meet the definition of a derivative are recorded at fair value with subsequent changes in fair value recognized as revenue. See Energy Trading below and Note 3.

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

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	2021	2020
	(millions)			
Regulatory assets:				
Current:				
Early retirement of generation facilities and transmission assets[a]	$ 140	$ 36	$ 140	$ 36
Acquisition of purchased power agreements[b]	141	161	141	161
Deferred clause and franchise expenses	698	28	698	28
Other	146	152	132	135
Total	$ 1,125	$ 377	$ 1,111	$ 360
Noncurrent:				
Early retirement of generation facilities and transmission assets[a]	$ 2,233	$ 1,438	$ 2,233	$ 1,438
Acquisition of purchased power agreements[b]	332	473	332	473
Accrued asset removal costs[c]	263	—	263	—
Other	1,750	1,801	1,515	1,488
Total	$ 4,578	$ 3,712	$ 4,343	$ 3,399
Regulatory liabilities:				
Current:				
Deferred clause revenues	$ 274	$ 215	$ 274	$ 215
Other	15	30	4	9
Total	$ 289	$ 245	$ 278	$ 224
Noncurrent:				
Asset retirement obligation regulatory expense difference	$ 4,290	$ 3,583	$ 4,290	$ 3,583
Accrued asset removal costs[c]	782	1,206	752	1,179
Deferred taxes	4,561	4,698	4,457	4,594
Other	1,640	1,248	1,554	1,244
Total	$ 11,273	$ 10,735	$ 11,053	$ 10,600

(a) The majority of these regulatory assets are being amortized over 20 years.
(b) The majority of these regulatory assets are being amortized over approximately 9 years.
(c) See Electric Plant, Depreciation and Amortization below.

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

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

Base Rates Effective January 2022 through December 2025 – In December 2021, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2021 rate agreement).

Key elements of the 2021 rate agreement, which is effective from January 2022 through at least December 2025, include, among other things, the following:

- New retail base rates and charges were established for the combined utility system (including the former Gulf Power service area) resulting in the following increases in annualized retail base revenues:
  - $692 million beginning January 1, 2022, and
  - $560 million beginning January 1, 2023.
- In addition, FPL is eligible to receive, subject to conditions specified in the 2021 rate agreement, base rate increases associated with the addition of up to 894 megawatts (MW) annually of new solar generation (through a Solar Base Rate Adjustment (SoBRA) mechanism) in each of 2024 and 2025, and may carry forward any unused MW in 2024 to 2025. FPL has agreed to an installed cost cap of $1,250 per kilowatt and will be required to demonstrate that these proposed solar facilities are cost effective.
- FPL's authorized regulatory return on common equity (ROE) is 10.60%, with a range of 9.70% to 11.70%. If FPL's earned regulatory ROE falls below 9.70%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.70%, any party with standing may seek a review of FPL's retail base rates. If the average 30-year U.S. Treasury rate is 2.49% or greater over a consecutive six-month period, the authorized regulatory ROE will increase to 10.80% with a range of 9.80% to 11.80%. If triggered, the increase in the authorized regulatory ROE will not result in an incremental general base rate increase, but will apply for all other regulatory purposes, including the SoBRA mechanism.
- Subject to certain conditions, FPL may amortize, over the term of the 2021 rate agreement, up to $1.45 billion of depreciation reserve surplus, provided that in any year of the 2021 rate agreement FPL must amortize at least enough reserve amount to maintain its minimum authorized regulatory ROE and also may not amortize any reserve amount that would result in an earned regulatory ROE in excess of its maximum authorized regulatory ROE. FPL is limited to the amortization of $200 million of depreciation reserve surplus during the first year of the 2021 rate agreement.
- FPL is authorized to expand SolarTogether™, a voluntary community solar program that gives certain FPL electric customers an opportunity to participate directly in the expansion of solar energy and receive credits on their related monthly customer bill, by constructing an additional 1,788 MW of solar generation from 2022 through 2025, such that the total capacity of SolarTogether™ would be 3,278 MW.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than $4 for every 1,000 kilowatt-hour (kWh) of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge. See Storm Funds, Storm Reserves and Storm Cost Recovery below.
- If federal or state permanent corporate income tax changes become effective during the term of the 2021 rate agreement, FPL will be able to prospectively adjust base rates after a review by the FPSC.

In December 2021, Floridians Against Increased Rates, Inc. and, as a group in January 2022, Florida Rising, Inc., Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida filed notices of appeal challenging the FPSC's final order approving the 2021 rate agreement, which notices of appeal are pending before the Florida Supreme Court.

Base Rates Effective January 2017 through December 2021 – In December 2016, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). Key elements of the 2016 rate agreement, which became effective in January 2017, provided for, among other things, the following:

- new retail base rates and charges which resulted in the following increases in annualized retail base revenues:
  - $400 million beginning January 1, 2017;
  - $211 million beginning January 1, 2018; and
  - $200 million beginning April 1, 2019 for a new approximately 1,720 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida that achieved commercial operation on March 31, 2019;
- additional base rate increases in 2018 through 2020 associated with the addition of approximately 1,200 MW of new solar generating capacity that became operational during that timeframe;
- regulatory ROE of 10.55%, with a range of 9.60% to 11.60%;
- subject to certain conditions, the right to reduce depreciation expense up to $1.25 billion (reserve), provided that in any year of the 2016 rate agreement FPL was required to amortize enough reserve to maintain an earned regulatory ROE within the range of 9.60% to 11.60%; and
- an interim cost recovery mechanism for storm restoration costs. See Storm Funds, Storm Reserves and Storm Cost Recovery below.

Electric Plant, Depreciation and Amortization – The cost of additions to units of property of FPL and NEER is added to electric plant in service and other property. In accordance with regulatory accounting, the cost of FPL's units of utility property retired, less estimated net salvage value, is charged to accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of utility property are charged to other operations and maintenance (O&M) expenses. The American Recovery and Reinvestment Act of 2009, as amended, provided for an option to

elect a cash grant (convertible investment tax credits (ITCs)) for certain renewable energy property (renewable property). Convertible ITCs are recorded as a reduction in property, plant and equipment on NEE's and FPL's consolidated balance sheets and are amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. At December 31, 2021 and 2020, convertible ITCs, net of amortization, were approximately $755 million ($116 million at FPL) and $791 million ($122 million at FPL).

Depreciation of FPL's electric property is provided on a straight-line basis, primarily over its average remaining useful life. FPL includes in depreciation expense a provision for electric generation plant dismantlement, interim asset removal costs, accretion related to asset retirement obligations (see Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below) and storm recovery amortization. For substantially all of FPL's property, depreciation studies are performed periodically and filed with the FPSC which result in updated depreciation rates. As part of the 2021 rate agreement, the FPSC approved new unified depreciation rates which became effective January 1, 2022. These new rates are expected to decrease depreciation expense. Reserve amortization is recorded as either an increase or decrease to accrued asset removal costs which is reflected in noncurrent regulatory assets at December 31, 2021 and noncurrent regulatory liabilities at December 31, 2020 on NEE's and FPL's consolidated balance sheets. The FPL segment used available reserve amortization to offset all of the storm restoration costs that were expensed during 2019 through 2021. See Storm Funds, Storm Reserves and Storm Cost Recovery below. FPL files a twelve-month forecast with the FPSC each year which contains a regulatory ROE intended to be earned based on the best information FPL has at that time assuming normal weather. This forecast establishes a targeted regulatory ROE. In order to earn the targeted regulatory ROE in each reporting period subject to the conditions of the effective rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization or its reversal to earn the targeted regulatory ROE. See Rate Regulation – Base Rates Effective January 2022 through December 2025 above.

NEER's electric plant in service and other property less salvage value, if any, are depreciated primarily using the straight-line method over their estimated useful lives. NEER reviews the estimated useful lives of its fixed assets on an ongoing basis. NEER's oil and gas production assets are accounted for under the successful efforts method. Depletion expenses for the acquisition of reserve rights and development costs are recognized using the unit of production method.

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

Construction Activity – Allowance for funds used during construction (AFUDC) is a noncash item which represents the allowed cost of capital, including an ROE, used to finance construction projects. FPL records the portion of AFUDC attributable to borrowed funds as a reduction of interest expense and the remainder as other income. FPSC rules limit the recording of AFUDC to projects that have an estimated cost in excess of 0.5% prior to 2021 and 0.4% beginning in 2021 of a utility's plant in service balance and require more than one year to complete. FPSC rules allow construction projects below the applicable threshold as a component of rate base.

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

NEER capitalizes project development costs once it is probable that such costs will be realized through the ultimate construction of the related asset or sale of development rights. At December 31, 2021 and 2020, NEER's capitalized development costs totaled approximately $831 million and $571 million, respectively, which are included in noncurrent other assets on NEE's consolidated balance sheets. These costs include land rights and other third-party costs directly associated with the development of a new project. Upon commencement of construction, these costs either are transferred to construction work in progress or remain in other assets, depending upon the nature of the cost. Capitalized development costs are charged to O&M expenses when it is probable that these costs will not be realized.

NEER's construction work in progress includes construction materials, progress payments on major equipment contracts, third-party engineering costs, capitalized interest and other costs directly associated with the construction and development of various projects. Interest expense allocated from NextEra Energy Capital Holdings, Inc. (NEECH) to NEER is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Upon commencement of project operation, costs associated with construction work in progress are transferred to electric plant in service and other property. In 2019, NEER determined it was no longer moving forward with the construction of a 220 MW wind facility due to unresolved permitting issues. NEE recorded charges of approximately $72 million ($54 million after tax), which are included in taxes other than income taxes and other – net in NEE's consolidated statements of income for the year ended December 31, 2019, primarily related to the write-off of capitalized construction costs.

Asset Retirement Obligations – NEE and FPL each account for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. NEE's AROs relate primarily to decommissioning obligations of FPL's and NEER's nuclear units and to obligations for the dismantlement of certain of NEER's wind and solar facilities. See Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below and Note 11.

For NEE's rate-regulated operations, including FPL, the asset retirement cost is subsequently allocated to a regulatory liability or regulatory asset using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the ARO and a decrease in the regulatory liability or regulatory asset. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the ARO and asset retirement cost, or regulatory liability when asset retirement cost is depleted.

For NEE's non-rate regulated operations, the asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the liability and as accretion expense, which is included in depreciation and amortization expense in NEE's consolidated statements of income. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost, or income when asset retirement cost is depleted.

Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs – For ratemaking purposes, FPL accrues for the cost of end of life retirement and disposal of its nuclear and other generation plants over the expected service life of each unit based on nuclear decommissioning and other generation dismantlement studies periodically filed with the FPSC. In addition, FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. As approved by the FPSC, FPL previously suspended its annual decommissioning accrual. Any differences between expense recognized for financial reporting purposes and the amount recovered through rates are reported as a regulatory asset or liability in accordance with regulatory accounting. See Rate Regulation, Electric Plant, Depreciation and Amortization, and Asset Retirement Obligations above and Note 11.

Nuclear decommissioning studies are performed at least every five years and are filed with the FPSC for approval. FPL filed updated nuclear decommissioning studies with the FPSC in December 2020. These studies reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units at the time of the studies. The 2020 studies provide for the dismantlement of Turkey Point Units Nos. 3 and 4 following the end of plant operation with decommissioning activities commencing in 2052 and 2053, respectively, and provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the dismantlement of St. Lucie Unit No. 2 in 2043. These studies also assume that FPL will be storing spent fuel on site pending removal to a United States (U.S.) government facility. FPL's portion of the ultimate costs of decommissioning its four nuclear units, including costs associated with spent fuel storage above what is expected to be refunded by the U.S. Department of Energy (DOE) under a spent fuel settlement agreement, is estimated to be approximately $10.2 billion, or $2.4 billion expressed in 2021 dollars. The ultimate costs of decommissioning reflect the application submitted to the U.S. Nuclear Regulatory Commission (NRC) for the extension of St. Lucie Units Nos. 1 and 2 licenses for an additional 20 years.

Restricted funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's and FPL's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily carried at fair value. See Note 4. Fund earnings, consisting of dividends, interest and realized gains and losses, net of taxes, are reinvested in the funds. Fund earnings, as well as any changes in unrealized gains and losses and estimated credit losses on debt securities, are not recognized in income and are reflected as a corresponding offset in the related regulatory asset or liability accounts. FPL does not currently make contributions to the decommissioning funds, other than the reinvestment of fund earnings. During 2021, 2020 and 2019 fund earnings on decommissioning funds were approximately $173 million, $132 million and $125 million, respectively. The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes.

Other generation plant dismantlement studies are performed periodically and are submitted to the FPSC for approval. Previously approved studies were effective from January 1, 2017 through December 2021 and resulted in an annual expense of $26 million which is recorded in depreciation and amortization expense in NEE's and FPL's consolidated statements of income. As part of the 2021 rate agreement, the FPSC approved a new annual expense of $48 million based on FPL's updated dismantlement studies which became effective January 1, 2022. At December 31, 2021, FPL's portion of the ultimate cost to dismantle its other generation units is approximately $2.5 billion, or $1.2 billion expressed in 2021 dollars.

NEER's AROs primarily include nuclear decommissioning liabilities for Seabrook Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and Point Beach Nuclear Power Plant (Point Beach) and dismantlement liabilities for its wind and solar

facilities. The liabilities are being accreted using the interest method through the date decommissioning or dismantlement activities are expected to be complete. See Note 11. At December 31, 2021 and 2020, NEER's ARO was approximately $1.1 billion and $1.2 billion, respectively, and was primarily determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning or dismantlement. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $9.4 billion, or $2.1 billion expressed in 2021 dollars. The ultimate cost to dismantle NEER's wind and solar facilities is estimated to be approximately $2.0 billion.

Seabrook files a comprehensive nuclear decommissioning study with the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) every four years; the most recent study was filed in 2019. Seabrook's decommissioning funding plan is also subject to annual review by the NDFC. Currently, there are no ongoing decommissioning funding requirements for Seabrook, Duane Arnold and Point Beach, however, the NRC, and in the case of Seabrook, the NDFC, has the authority to require additional funding in the future. NEER's portion of Seabrook's, Duane Arnold's and Point Beach's restricted funds for the payment of future expenditures to decommission these plants is included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily carried at fair value. See Note 4. Market adjustments for debt securities result in a corresponding adjustment to other comprehensive income (OCI), except for estimated credit losses and unrealized losses on debt securities intended or required to be sold prior to recovery of the amortized cost basis, which are recognized in other – net in NEE's consolidated statements of income. Market adjustments for equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net in NEE's consolidated statements of income. Fund earnings, consisting of dividends, interest and realized gains and losses are recognized in income and are reinvested in the funds. The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes.

Major Maintenance Costs – FPL expenses costs associated with planned maintenance for its non-nuclear electric generation plants as incurred. FPL recognizes costs associated with planned major nuclear maintenance in accordance with regulatory treatment. FPL defers nuclear maintenance costs for each nuclear unit's planned outage to a regulatory asset as the costs are incurred. FPL amortizes the costs to O&M expense using the straight-line method over the period from the end of the current outage to the next planned outage where the respective work scope is performed.

NEER uses the deferral method to account for certain planned major maintenance costs. NEER's major maintenance costs for its nuclear generation units and combustion turbines are capitalized (included in noncurrent other assets on NEE's consolidated balance sheets) and amortized to O&M expense using the straight-line method over the period from the end of the current outage to the next planned outage where the respective work scope is performed.

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

Restricted Cash – At December 31, 2021 and 2020, NEE had approximately $677 million ($53 million for FPL) and $441 million ($135 million for FPL), respectively, of restricted cash, of which approximately $677 million ($53 million for FPL) and $374 million ($93 million for FPL), respectively, are included in current other assets and the remaining balances are included in noncurrent other assets on NEE's and FPL's consolidated balance sheets. Restricted cash is primarily related to debt service payments and margin cash collateral requirements at NEER and bond proceeds held for construction at FPL. In addition, where offsetting positions exist, restricted cash related to margin cash collateral of $121 million is netted against derivative assets and $172 million is netted against derivative liabilities at December 31, 2021 and $183 million is netted against derivative assets and $136 million is netted against derivative liabilities at December 31, 2020. See Note 3.

Measurement of Credit Losses on Financial Instruments – Effective January 1, 2020, NEE and FPL adopted an accounting standards update that provides for a new methodology, the current expected credit loss (CECL) model, to account for credit losses for certain financial assets measured at amortized cost. On January 1, 2020, NEE recorded a reduction to retained earnings of approximately $11 million representing the cumulative effect of adopting the new standards update, which primarily related to the impact of applying the CECL model to NEER's receivables. The impact of adopting the new standards update was not material to FPL. See also Note 4 – Special Use Funds.

Allowance for Doubtful Accounts and Bad Debt – FPL maintains an accumulated provision for uncollectible customer accounts receivable that is estimated using a percentage, derived from historical revenue and write-off trends, of the previous four months of revenue, and includes estimates of credit and other losses based on both current events and forecasts. NEER regularly reviews collectibility of its receivables and establishes a provision for losses estimated as a percentage of accounts receivable based on the historical bad debt write-off trends for its retail electricity provider operations, as well as includes estimates for credit and other losses based on both current events and forecasts. When necessary, NEER uses the specific identification method for all other receivables.

Credit Losses – NEE's credit department monitors current and forward credit exposure to counterparties and their affiliates. Prospective and existing customers are reviewed for creditworthiness based on established standards and credit quality indicators. Credit quality indicators and standards that are closely monitored include credit ratings, certain financial ratios and delinquency trends which are based off the latest available information. Customers not meeting minimum standards provide various credit enhancements or secured payment terms, such as letters of credit, the posting of margin cash collateral or use of master netting arrangements.

For the years ended December 31, 2021, 2020 and 2019, NEE recorded approximately $146 million, $94 million and $32 million of bad debt expense, including credit losses, respectively, which are included in O&M expenses in NEE's consolidated statements of income. The amount for the year ended December 31, 2021 primarily relates to credit losses at NEER driven by the operational and energy market impacts of severe prolonged winter weather in Texas in February 2021 (February 2021 weather event). The estimate for credit losses related to the impacts of the February 2021 weather event was developed based on NEE's assessment of the ultimate collectability of these receivables. At December 31, 2021, approximately $127 million of allowances are included in noncurrent other assets on NEE's consolidated balance sheet related to the February 2021 weather event.

Inventory – FPL values materials, supplies and fuel inventory using a weighted-average cost method. NEER's materials, supplies and fuel inventories, which include emissions allowances and renewable energy credits, are carried at the lower of weighted-average cost and net realizable value, unless evidence indicates that the weighted-average cost will be recovered with a normal profit upon sale in the ordinary course of business.

Energy Trading – NEE provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and fuel marketing and trading activities to optimize the value of electricity and fuel contracts, generation facilities and gas infrastructure assets, as well as to take advantage of projected favorable commodity price movements. Trading contracts that meet the definition of a derivative are accounted for at fair value and realized gains and losses from all trading contracts, including those where physical delivery is required, are recorded net for all periods presented. See Note 3.

Storm Funds, Storm Reserves and Storm Cost Recovery – The storm and property insurance reserve funds (storm funds) provide coverage toward FPL's storm damage costs. Marketable securities held in the storm funds are carried at fair value. See Note 4. Fund earnings, consisting of dividends, interest and realized gains and losses, net of taxes, are reinvested in the funds. Fund earnings, as well as any changes in unrealized gains and losses, are not recognized in income and are reflected as a corresponding adjustment to the storm and property insurance reserves (storm reserves). The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes. The storm funds are included in special use funds and the storm reserves in noncurrent regulatory liabilities, or in the case of a deficit, in regulatory assets on NEE's and FPL's consolidated balance sheets.

During 2021, 2020 and 2019, FPL's service area was impacted by hurricanes and tropical storms, which resulted in the recording of incremental storm restoration costs. The FPL segment determined that it would not seek recovery of certain of such costs through a storm surcharge from customers and instead recorded such costs as storm restoration costs in NEE's and FPL's consolidated statements of income. The FPL segment used available reserve amortization to offset all such storm restoration costs that were expensed.

Restoration costs associated with multiple storms since 2018 that impacted FPL's customers in the former Gulf Power service area are being collected from northwest Florida customers through a storm damage surcharge through late 2024 and are recorded as regulatory assets. As of December 31, 2021, the balance was $242 million, of which $92 million and $150 million are included in current regulatory assets and noncurrent regulatory assets, respectively, on NEE's and FPL's consolidated balance sheets. As of December 31, 2020, the balance was $347 million, of which $100 million and $247 million are included in current regulatory assets and noncurrent regulatory assets, respectively, on NEE's and FPL's consolidated balance sheets.

Impairment of Long-Lived Assets – NEE evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate.

Impairment of Equity Method Investments – NEE evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair value of the investment is less than the carrying value and the investment may be other-than-temporarily impaired. An impairment loss is required to be recognized if the impairment is deemed to be other than temporary. Investments that are other-than-temporarily impaired are written down to their estimated fair value and cannot subsequently be written back up for increases in estimated fair value. Impairment losses are recorded in equity in earnings (losses) of equity method investees in NEE's consolidated statements of income. See Note 4 – Nonrecurring Fair Value Measurements.

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

	Weighted-Average Useful Lives	December 31, 2021	December 31, 2020
	(years)	(millions)	
Goodwill (by reporting unit):			
FPL segment:			
Florida City Gas		$ 292	$ 292
Other		9	9
Gulf Power (see Note 6 – Merger of FPL and Gulf Power Company)		2,688	2,688
NEER segment:			
Rate-regulated transmission (see Note 6 – GridLiance)		1,206	614
Gas infrastructure		487	487
Customer supply and trading		95	93
Generation assets		56	60
Corporate and Other		11	11
Total goodwill		$ 4,844	$ 4,254
Other intangible assets not subject to amortization, primarily land easements		$ 136	$ 135
Other intangible assets subject to amortization:			
Purchased power agreements	15	$ 507	$ 453
Other, primarily transportation contracts and customer lists	23	187	166
Total		694	619
Accumulated amortization		(88)	(61)
Total other intangible assets subject to amortization – net		$ 606	$ 558

NEE's, including FPL's, goodwill relates to various acquisitions which were accounted for using the purchase method of accounting. Other intangible assets are primarily included in noncurrent other assets on NEE's consolidated balance sheets. NEE's other intangible assets subject to amortization are amortized, primarily on a straight-line basis, over their estimated useful lives. Amortization expense was approximately $25 million, $27 million and $18 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is expected to be approximately $16 million, $16 million, $18 million, $16 million and $16 million for 2022, 2023, 2024, 2025 and 2026, respectively.

Goodwill and other intangible assets not subject to amortization are assessed for impairment at least annually by applying a fair value-based analysis. Other intangible assets subject to amortization are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted future cash flows.

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

Stock-Based Compensation – NEE accounts for stock-based payment transactions based on grant-date fair value. Compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures of stock-based awards are recognized as they occur. See Note 14 – Stock-Based Compensation.

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

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board issued an accounting standards update which provides certain options to apply accounting guidance on contract modifications and hedge accounting as companies

transition from the London Inter-Bank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. NEE's and FPL's contracts that reference LIBOR or other interbank offered rates mainly relate to debt and derivative instruments. The standards update was effective upon issuance but can be applied prospectively through December 31, 2022. During the fourth quarter of 2021, NEE began utilizing options provided by the standards update with regard to modifications to debt and debt-related hedging instruments. NEE will continue to evaluate reference rate modifications to debt and derivative instruments through December 31, 2022 and continue to apply the standards update if eligible. Although the full impact is unknown, to date there has not been a material impact to NEE.

Income Taxes – Deferred income taxes are recognized on all significant temporary differences between the financial statement and tax bases of assets and liabilities, and are presented as noncurrent on NEE's and FPL's consolidated balance sheets. In connection with the tax sharing agreement between NEE and certain of its subsidiaries, the income tax provision at each applicable subsidiary reflects the use of the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the applicable subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at the corporate level. Included in other regulatory assets and other regulatory liabilities on NEE's and FPL's consolidated balance sheets is the revenue equivalent of the difference in deferred income taxes computed under accounting rules, as compared to regulatory accounting rules. The net regulatory liability totaled $3,780 million ($3,723 million for FPL) and $3,949 million ($3,890 million for FPL) at December 31, 2021 and 2020, respectively, and is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities for which the deferred tax amount was initially recognized.

Production tax credits (PTCs) are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes and are recorded as a reduction of current income taxes payable, unless limited by tax law in which instance they are recorded as deferred tax assets. NEER recognizes ITCs as a reduction to income tax expense when the related energy property is placed into service. FPL recognizes ITCs as a reduction to income tax expense over the depreciable life of the related energy property. At December 31, 2021 and 2020, FPL's accumulated deferred ITCs were approximately $1,054 million and $753 million, respectively, and are included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets.

A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets when it is more likely than not that such assets will not be realized. NEE recognizes interest income (expense) related to unrecognized tax benefits (liabilities) in interest income and interest expense, respectively, net of the amount deferred at FPL. At FPL, the offset to accrued interest receivable (payable) on income taxes is classified as a regulatory liability (regulatory asset) which will be amortized to income (expense) over a five-year period upon settlement in accordance with regulatory treatment. All tax positions taken by NEE in its income tax returns that are recognized in the financial statements must satisfy a more-likely-than-not threshold. NEE and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states, the most significant of which is Florida, and certain foreign jurisdictions. Federal tax liabilities, with the exception of certain refund claims, are effectively settled for all years prior to 2017. State and foreign tax liabilities, which have varied statutes of limitations regarding additional assessments, are generally effectively settled for years prior to 2017. At December 31, 2021, NEE had unrecognized tax benefits of approximately $125 million that, if recognized, could impact the annual effective income tax rate. The amounts of unrecognized tax benefits and related interest accruals may change within the next 12 months; however, NEE and FPL do not expect these changes to have a significant impact on NEE's or FPL's financial statements. See Note 5.

Sales of Differential Membership Interests – Certain subsidiaries of NextEra Energy Resources sold Class B membership interests in entities that have ownership interests in wind and solar generation facilities, with generating capacity totaling approximately 11,226 MW and 1,894 MW, respectively, and battery storage capacity in operation or under construction totaling 220 MW at December 31, 2021, to third-party investors. NEE retains a controlling interest in the entities and therefore presents the Class B member interests as noncontrolling interests. Noncontrolling interests represents the portion of net assets in consolidated entities that are not owned by NEE and are reported as a component of equity in NEE's consolidated balance sheet. The third-party investors are allocated earnings, tax attributes and cash flows in accordance with the respective limited liability company agreements. Those economics are allocated primarily to the third-party investors until they receive a targeted return (the flip date) and thereafter to NEE. NEE has the right to call the third-party interests at specified amounts if and when the flip date occurs. NEE has determined the allocation of economics between the controlling party and third-party investor should not follow the respective ownership percentages for each wind and solar project but rather the hypothetical liquidation of book value (HLBV) method based on the governing provisions in each respective limited liability company agreement. Under the HLBV method, the amounts of income and loss attributable to the noncontrolling interest reflects changes in the amount the owners would hypothetically receive at each balance sheet date under the respective liquidation provisions, assuming the net assets of these entities were liquidated at the recorded amounts, after taking into account any capital transactions, such as contributions and distributions, between the entities and the owners. At the point in time that the third-party investor, in hypothetical liquidation, would achieve its targeted return, NEE attributes the additional hypothetical proceeds to the Class B membership interests based on the call price. A loss attributable to noncontrolling interest on NEE's consolidated statements of income represents earnings attributable to NEE.

Redeemable Noncontrolling Interests – Certain subsidiaries of NextEra Energy Resources sold Class B membership interests in entities that have ownership interests in wind generation as well as solar and solar plus battery storage facilities to third-party investors. As specified in the respective limited liability company agreements, if, subject to certain contingencies, certain events occur, including, among others, those that would delay completion or cancel any of the underlying projects, an investor has the option to require NEER to return all or part of its investment. As these potential redemptions were outside of NEER's control, these balances were classified as redeemable noncontrolling interests on NEE's consolidated balance sheet as of December 31, 2021. These contingencies are expected to be resolved in 2022.

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

Leases – NEE and FPL determine if an arrangement is a lease at inception. NEE and FPL recognize a right-of-use (ROU) asset and a lease liability for operating and finance leases by recognizing and measuring leases at the commencement date based on the present value of lease payments over the lease term. For sales-type leases, the book value of the leased asset is removed from the balance sheet and a net investment in sales-type lease is recognized based on fixed payments under the contract and the residual value of the asset being leased. NEE and FPL have elected not to apply the recognition requirements to short-term leases and not to separate nonlease components from associated lease components for all classes of underlying assets except for purchased power agreements. ROU assets are included in noncurrent other assets, lease liabilities are included in current and noncurrent other liabilities and net investments in sales-type leases are included in current and noncurrent other assets on NEE's and FPL's consolidated balance sheets. Operating lease expense is included in fuel, purchased power and interchange or O&M expenses, interest and amortization expenses associated with finance leases are included in interest expense and depreciation and amortization expense, respectively, and rental income associated with operating leases and interest income associated with sales-type leases are included in operating revenues in NEE's and FPL's consolidated statements of income. See Note 10.

Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests – In December 2021, subsidiaries of NextEra Energy Resources sold their 100% ownership interest, comprised of a 50% controlling ownership interest to a NEP subsidiary and a 50% noncontrolling ownership interest to a third party, in a portfolio of seven wind generation facilities and six solar generation facilities in geographically diverse locations throughout the U.S. representing a total generating capacity of 2,520 MW and 115 MW of battery storage capacity, three of which are currently under construction with expected in-service dates in the first half of 2022. Total cash proceeds for these two separate transactions totaled approximately $1.7 billion, subject to working capital and other adjustments. NEER will continue to consolidate the three projects currently under construction for accounting purposes. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sales. In connection with the sales, a loss of approximately $53 million ($33 million after tax) is reflected in the gains on disposal of businesses/assets – net in NEE's consolidated statements of income for the year ended December 31, 2021. In connection with the three facilities currently under construction, approximately $668 million of cash received was recorded as contract liabilities, which is included in current other liabilities on NEE's consolidated balance sheet. The contract liabilities relate to sale proceeds from NEP and the third party of approximately $349 million and differential membership interests of approximately $319 million, of which $117 million is contingent on the enactment of a solar PTC by a specified date in 2022. The contract liabilities associated with the sale proceeds and the differential membership interests are also subject to the three facilities under construction achieving commercial operations by specified dates in the first half of 2022. The contract liabilities will be reversed and the sale recognized for accounting purposes if the contingencies are resolved in 2022. Otherwise, NextEra Energy Resources may be required to return proceeds related to differential membership interests and/or repurchase the facilities for up to $668 million. In addition, NextEra Energy Resources is responsible to pay for all construction costs related to the portfolio. At December 31, 2021, approximately $970 million is included in accounts payable on NEE's consolidated balance sheet and represents amounts owed by NextEra Energy Resources to NEP to reimburse NEP for construction costs.

In October 2021, subsidiaries of NextEra Energy Resources completed the sale to a NEP subsidiary of their 100% ownership interests in three wind generation facilities and one solar generation facility located in the West and Midwest regions of the U.S. with a total generating capacity of 467 MW and 33.3% of the noncontrolling ownership interests in four solar generation facilities and multiple distributed generation solar facilities located in geographically diverse locations throughout the U.S. representing a total net ownership interest in plant capacity (net generating capacity) of 122 MW for cash proceeds of approximately $563 million, plus working capital and other adjustments of $22 million. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sale. In connection with the sale, a gain of approximately $94 million ($69 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2021, which is included in gains on disposal of businesses/assets, and noncontrolling interests of approximately $125 million and additional paid-in capital of approximately $60 million ($43 million after tax) were recorded on NEE's consolidated balance sheet at December 31, 2021.

In December 2020, a subsidiary of NextEra Energy Resources sold a 90% noncontrolling ownership interest, comprised of a 50% ownership interest to a third party and a 40% ownership interest to a NEP subsidiary, in a portfolio of three wind generation facilities and four solar generation facilities in geographically diverse locations throughout the U.S. representing a total net generating capacity of 900 MW. In addition, in December 2020, a subsidiary of NextEra Energy Resources also sold its 100% ownership interest in a 100 MW solar generation facility and a 30 MW battery storage facility (solar-plus-storage facility) under construction in Arizona to a NEP subsidiary. Total cash proceeds for these two separate transactions totaled approximately $656 million. NEER continued to consolidate the projects until the sale was recognized for accounting purposes, see Note 9 – NEER. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sale. In connection with the 90% sale, noncontrolling interests of approximately $689 million and a reduction to additional paid-in capital of approximately $188 million ($165 million after tax) were recorded on NEE's consolidated balance sheet at December 31, 2020. In connection with the solar-plus-storage facility transaction, approximately $155 million of cash received was recorded as a contract liability, which is included in current other liabilities on NEE's consolidated balance sheet at December 31, 2020. The solar-plus-storage facility achieved commercial operations in June 2021 and the contract liability was reversed and the sale was recognized for accounting purposes.

In 2020, a subsidiary of NextEra Energy Resources completed the sale of its ownership interest in two solar generation facilities located in Spain with a total generating capacity of 99.8 MW, which resulted in net cash proceeds of approximately €111 million (approximately $121 million). In connection with the sale, a gain of approximately $270 million (pretax and after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2020 and is included in gains on disposal of businesses/assets – net.

In 2019, subsidiaries of NextEra Energy Resources completed the sale of ownership interests in three wind generation facilities and three solar generation facilities, including noncontrolling interests in two of the solar facilities, located in the Midwest and West regions of the U.S. with a total net generating capacity of 611 MW to a NEP subsidiary for cash proceeds of approximately $1.0 billion, plus working capital of $12 million. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sale. In connection with the sale, a gain of approximately $341 million ($259 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2019, which is included in gains on disposal of businesses/assets – net, and noncontrolling interests of approximately $118 million were recorded on NEE's consolidated balance sheet.

2. Revenue from Contracts with Customers

Revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The promised goods or services in the majority of NEE's contracts with customers is, at FPL, for the delivery of electricity based on tariff rates approved by the FPSC and, at NEER, for the delivery of energy commodities and the availability of electric capacity and electric transmission.

FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers, as well as derivative and lease transactions at NEER. For the vast majority of contracts with customers, NEE believes that the obligation to deliver energy, capacity or transmission is satisfied over time as the customer simultaneously receives and consumes benefits as NEE performs. In 2021, 2020 and 2019, NEE's revenue from contracts with customers was approximately $18.8 billion ($14.1 billion at FPL), $17.0 billion ($13.0 billion at FPL) and $17.5 billion ($13.6 billion at FPL), respectively. NEE's and FPL's receivables are primarily associated with revenues earned from contracts with customers, as well as derivative and lease transactions at NEER, and consist of both billed and unbilled amounts, which are recorded in customer receivables and other receivables on NEE's and FPL's consolidated balance sheets. Receivables represent unconditional rights to consideration and reflect the differences in timing of revenue recognition and cash collections. For substantially all of NEE's and FPL's receivables, regardless of the type of revenue transaction from which the receivable originated, customer and counterparty credit risk is managed in the same manner and the terms and conditions of payment are similar. During 2021, NEER did not recognize approximately $180 million of revenue related to reimbursable expenses from a counterparty that are deemed not probable of collection. These reimbursable expenses arose from the impacts of the February 2021 weather event. These determinations were made based on assessments of the counterparty's creditworthiness and NEER's ability to collect.

FPL – FPL's revenues are derived primarily from tariff-based sales that result from providing electricity to retail customers in Florida with no defined contractual term. Electricity sales to retail customers account for approximately 90% of FPL's 2021 operating revenues, the majority of which are to residential customers. FPL's retail customers receive a bill monthly based on the amount of monthly kWh usage with payment due monthly. For these types of sales, FPL recognizes revenue as electricity is delivered and billed to customers, as well as an estimate for electricity delivered and not yet billed. The billed and unbilled amounts represent the value of electricity delivered to the customer. At December 31, 2021 and 2020, FPL's unbilled revenues amounted to approximately $583 million and $454 million, respectively, and are included in customer receivables on NEE's and FPL's consolidated balance sheets. Certain contracts with customers contain a fixed price which primarily relate to certain power purchase agreements with maturity dates through 2041. As of December 31, 2021, FPL expects to record approximately $400 million of revenues related to the fixed capacity price components of such contracts over the remaining terms of the related

contracts as the capacity is provided. These contracts also contain a variable price component for energy usage which FPL recognizes as revenue as the energy is delivered based on rates stipulated in the respective contracts.

NEER – NEER's revenue from contracts with customers is derived primarily from the sale of energy commodities, electric capacity and electric transmission. For these types of sales, NEER recognizes revenue as energy commodities are delivered and as electric capacity and electric transmission are made available, consistent with the amounts billed to customers based on rates stipulated in the respective contracts as well as an accrual for amounts earned but not yet billed. The amounts billed and accrued represent the value of energy or transmission delivered and/or the capacity of energy or transmission available to the customer. Revenues yet to be earned under these contracts, which have maturity dates ranging from 2022 to 2053, will vary based on the volume of energy or transmission delivered and/or available. NEER's customers typically receive bills monthly with payment due within 30 days. Certain contracts with customers contain a fixed price which primarily relate to electric capacity sales associated with independent system operator annual auctions through 2025 and certain power purchase agreements with maturity dates through 2034. As of December 31, 2021, NEER expects to record approximately $735 million of revenues related to the fixed price components of such contracts over the remaining terms of the related contracts as the capacity is provided.

3. Derivative Instruments

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

With respect to commodities related to NEE's competitive energy business, NEER employs risk management procedures to conduct its activities related to optimizing the value of its power generation and gas infrastructure assets, providing full energy and capacity requirements services primarily to distribution utilities, and engaging in power and fuel marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter (OTC) markets, depending on the most favorable credit terms and market execution factors. For NEER's power generation and gas infrastructure assets, derivative instruments are used to hedge all or a portion of the expected output of these assets. These hedges are designed to reduce the effect of adverse changes in the wholesale forward commodity markets associated with NEER's power generation and gas infrastructure assets. With regard to full energy and capacity requirements services, NEER is required to vary the quantity of energy and related services based on the load demands of the customers served. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and reduce the effect of unfavorable changes in the forward energy markets. Additionally, NEER takes positions in energy markets based on differences between actual forward market levels and management's view of fundamental market conditions, including supply/demand imbalances, changes in traditional flows of energy, changes in short- and long-term weather patterns and anticipated regulatory and legislative outcomes. NEER uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the applicable fuel and purchased power cost recovery clause (fuel clause). For NEE's non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income. Settlement gains and losses are included within the line items in the consolidated statements of income to which they relate. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the consolidated statements of income. For commodity derivatives, NEE believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NEE's and FPL's consolidated statements of cash flows.

For interest rate and foreign currency derivative instruments, all changes in the derivatives' fair value, as well as the transaction gain or loss on foreign denominated debt, are recognized in interest expense and the equity method investees' related activity is recognized in equity in earnings (losses) of equity method investees in NEE's consolidated statements of income. In addition, for the years ended December 31, 2020 and 2019, NEE reclassified from AOCI approximately $26 million ($6 million after tax), of which $23 million was reclassified to gains on disposal of businesses/assets – net (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests) with the balance to interest expense, and $11 million ($8 million after tax) to

interest expense, respectively, because it became probable that related future transactions being hedged would not occur. At December 31, 2021, NEE's AOCI included amounts related to discontinued interest rate cash flow hedges with expiration dates through March 2035 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately $6 million of net losses included in AOCI at December 31, 2021 are expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in scheduled principal payments.

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

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

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

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

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

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

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

The tables below present NEE's and FPL's gross derivative positions at December 31, 2021 and December 31, 2020, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral, as well as the location of the net derivative position on the consolidated balance sheets.

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

	December 31, 2021				
	Level 1	Level 2	Level 3	Netting[a]	Total
			(millions)		
Assets:					
NEE:					
Commodity contracts	$ 1,896	$ 5,082	$ 1,401	$ (6,622)	$ 1,757
Interest rate contracts	$ —	$ 106	$ —	$ (30)	76
Foreign currency contracts	$ —	$ 8	$ —	$ (17)	(9)
Total derivative assets					$ 1,824
FPL – commodity contracts	$ —	$ 3	$ 13	$ (3)	$ 13
Liabilities:					
NEE:					
Commodity contracts	$ 2,571	$ 4,990	$ 1,231	$ (6,594)	$ 2,198
Interest rate contracts	$ —	$ 739	$ —	$ (30)	709
Foreign currency contracts	$ —	$ 86	$ —	$ (17)	69
Total derivative liabilities					$ 2,976
FPL – commodity contracts	$ —	$ 8	$ 5	$ (3)	$ 10
Net fair value by NEE balance sheet line item:					
Current derivative assets[b]					$ 689
Noncurrent derivative assets[c]					1,135
Total derivative assets					$ 1,824
Current derivative liabilities[d]					$ 1,263
Noncurrent derivative liabilities[e]					1,713
Total derivative liabilities					$ 2,976
Net fair value by FPL balance sheet line item:					
Current other assets					$ 13
Current other liabilities					$ 9
Noncurrent other liabilities					1
Total derivative liabilities					$ 10

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the consolidated balance sheets and are recorded in customer receivables – net and accounts payable, respectively.
(b) Reflects the netting of approximately $150 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $56 million in margin cash collateral received from counterparties.
(d) Reflects the netting of approximately $6 million in margin cash collateral paid to counterparties.
(e) Reflects the netting of approximately $172 million in margin cash collateral paid to counterparties.

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

	December 31, 2020				
	Level 1	Level 2	Level 3	Netting[a]	Total
			(millions)		
Assets:					
NEE:					
Commodity contracts	$ 919	$ 1,881	$ 1,679	$ (2,325)	$ 2,154
Interest rate contracts	$ —	$ 81	$ —	$ (41)	40
Foreign currency contracts	$ —	$ 57	$ —	$ (34)	23
Total derivative assets					$ 2,217
FPL – commodity contracts	$ —	$ 1	$ 2	$ —	$ 3
Liabilities:					
NEE:					
Commodity contracts	$ 1,004	$ 1,468	$ 305	$ (2,277)	$ 500
Interest rate contracts	$ —	$ 1,042	$ —	$ (41)	1,001
Foreign currency contracts	$ —	$ 43	$ —	$ (34)	9
Total derivative liabilities					$ 1,510
FPL – commodity contracts	$ —	$ —	$ 3	$ —	$ 3
Net fair value by NEE balance sheet line item:					
Current derivative assets					$ 570
Noncurrent derivative assets[b]					1,647
Total derivative assets					$ 2,217
Current derivative liabilities[c]					$ 311
Noncurrent derivative liabilities					1,199
Total derivative liabilities					$ 1,510
Net fair value by FPL balance sheet line item:					
Current other assets					$ 3
Current other liabilities					$ 2
Noncurrent other liabilities					1
Total derivative liabilities					$ 3

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the consolidated balance sheets and are recorded in customer receivables – net and accounts payable, respectively.
(b) Reflects the netting of approximately $184 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $136 million in margin cash collateral paid to counterparties.

At December 31, 2021 and 2020, NEE had approximately $56 million and $6 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's consolidated balance sheets. Additionally, at December 31, 2021 and 2020, NEE had approximately $673 million and $315 million (none at FPL), respectively, in margin cash collateral paid to counterparties that was not offset against derivative assets or liabilities in the above presentation. These amounts are included in current other assets on NEE's consolidated balance sheets.

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

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at December 31, 2021 are as follows:

Transaction Type	Fair Value at December 31, 2021		Valuation Technique(s)	Significant Unobservable Inputs	Range	Weighted-average[a]
	Assets	Liabilities				
	(millions)					
Forward contracts – power	$ 433	$ 204	Discounted cash flow	Forward price (per MWh[b])	$(5) — $140	$37
Forward contracts – gas	191	31	Discounted cash flow	Forward price (per MMBtu[c])	$2 — $15	$3
Forward contracts – congestion	29	8	Discounted cash flow	Forward price (per MWh[b])	$(10) — $45	$—
Options – power	52	(1)	Option models	Implied correlations	32% — 86%	52%
				Implied volatilities	8% — 368%	81%
Options – primarily gas	356	347	Option models	Implied correlations	32% — 86%	52%
				Implied volatilities	17% — 295%	36%
Full requirements and unit contingent contracts	200	566	Discounted cash flow	Forward price (per MWh[b])	$2 — $308	$64
				Customer migration rate[d]	—% — 19%	2%
Forward contracts – other	140	76				
Total	$ 1,401	$ 1,231				

(a) Unobservable inputs were weighted by volume.
(b) Megawatt-hours
(c) One million British thermal units
(d) Applies only to full requirements contracts.

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

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Forward price	Purchase power/gas	Increase (decrease)
	Sell power/gas	Decrease (increase)
Implied correlations	Purchase option	Decrease (increase)
	Sell option	Increase (decrease)
Implied volatilities	Purchase option	Increase (decrease)
	Sell option	Decrease (increase)
Customer migration rate	Sell power[a]	Decrease (increase)

(a) Assumes the contract is in a gain position.

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

	Years Ended December 31,					
	2021		2020		2019	
	NEE	FPL	NEE	FPL	NEE	FPL
	(millions)					
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	$ 1,374	$ (1)	$ 1,207	$ (8)	$ 647	$ (36)
Realized and unrealized gains (losses):						
Included in earnings[a]	(1,488)	—	547	—	923	—
Included in other comprehensive income (loss)[b]	—	—	1	—	5	—
Included in regulatory assets and liabilities	8	8	2	2	1	1
Purchases	243	—	191	—	141	—
Sales[c]	—	—	114	—	—	—
Settlements	259	1	(562)	6	(356)	25
Issuances	(196)	—	(123)	—	(87)	—
Transfers in[d]	2	—	18	(1)	(5)	—
Transfers out[d]	(32)	—	(21)	—	(62)	2
Fair value of net derivatives based on significant unobservable inputs at December 31	$ 170	$ 8	$ 1,374	$ (1)	$ 1,207	$ (8)
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to derivatives held at the reporting date[e]	$ (924)	$ —	$ 317	$ —	$ 611	$ —

(a) For the years ended December 31, 2021, 2020 and 2019, realized and unrealized gains (losses) of approximately $(1,488) million, $569 million and $956 million are included in the consolidated statements of income in operating revenues and the balance is included in interest expense.
(b) Included in net unrealized gains (losses) on foreign currency translation in the consolidated statements of comprehensive income.
(c) See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.
(d) Transfers into Level 3 were a result of decreased observability of market data. Transfers from Level 3 to Level 2 were a result of increased observability of market data.
(e) For the years ended December 31, 2021, 2020 and 2019, unrealized gains (losses) of approximately $(924) million, $317 million and $638 million are included in the consolidated statements of income in operating revenues and the balance is included in interest expense.

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

	Years Ended December 31,		
	2021	2020	2019
	(millions)		
Commodity contracts[a] – operating revenues	$ (2,710)	$ 352	$ 762
Foreign currency contracts – interest expense	(89)	8	(7)
Interest rate contracts – interest expense	264	(421)	(699)
Losses reclassified from AOCI:			
Interest rate contracts[b]	(7)	(35)	(32)
Foreign currency contracts – interest expense	(3)	(3)	(4)
Total	$ (2,545)	$ (99)	$ 20

(a) For the years ended December 31, 2021, 2020 and 2019, FPL recorded gains of approximately $7 million, $6 million and $9 million, respectively, related to commodity contracts as regulatory liabilities on its consolidated balance sheets.
(b) For the year ended December 31, 2020, approximately $23 million was reclassified to gains on disposal of businesses/assets – net (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests); remaining balances were reclassified to interest expense on NEE's consolidated statements of income.

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

	December 31, 2021		December 31, 2020	
Commodity Type	NEE	FPL	NEE	FPL
	(millions)			
Power	(103) MWh	—	(90) MWh	—
Natural gas	(1,290) MMBtu	91 MMBtu	(607) MMBtu	87 MMBtu
Oil	(33) barrels	—	(6) barrels	—

At December 31, 2021 and 2020, NEE had interest rate contracts with a notional amount of approximately $11.2 billion and a net notional amount of approximately $10.5 billion, respectively, and foreign currency contracts with a notional amount of approximately $1.0 billion and $1.0 billion, respectively.

Credit-Risk-Related Contingent Features – Certain derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At December 31, 2021 and 2020, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $4.1 billion ($12 million for FPL) and $1.9 billion ($3 million for FPL), respectively.

If the credit-risk-related contingent features underlying these derivative agreements were triggered, certain subsidiaries of NEE, including FPL, could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain derivative contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and NEECH's credit ratings were downgraded to BBB/Baa2 (a three level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately $645 million (none at FPL) and $80 million (none at FPL) at December 31, 2021 and 2020, respectively. If FPL's and NEECH's credit ratings were downgraded to below investment grade, applicable NEE subsidiaries would be required to post additional collateral such that the total posted collateral would be approximately $2.7 billion ($35 million at FPL) and $1.2 billion ($75 million at FPL) at December 31, 2021 and 2020, respectively. Some derivative contracts do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, applicable NEE subsidiaries could be required to post additional collateral of up to approximately $1,040 million ($145 million at FPL) and $880 million ($75 million at FPL) at December 31, 2021 and 2020, respectively.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At December 31, 2021 and 2020, applicable NEE subsidiaries have posted approximately $84 million (none at FPL) and $2 million (none at FPL), respectively, in cash and $1,060 million (none at FPL) and $66 million (none at FPL), respectively, in the form of letters of credit each of which could be applied toward the collateral requirements described above. FPL and NEECH have capacity under their credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

4. Non-Derivative Fair Value Measurements

Non-derivative fair value measurements consist of NEE's and FPL's cash equivalents and restricted cash equivalents, special use funds and other investments. The fair value of these financial assets is determined by using the valuation techniques and inputs as described in Note 3 – Fair Value Measurements of Derivative Instruments as well as below.

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

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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
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Recurring Non-Derivative Fair Value Measurements – NEE's and FPL's financial assets and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
	(millions)			
Assets:				
Cash equivalents and restricted cash equivalents:[a]				
NEE – equity securities	$ 176	$ —	$ —	$ 176
FPL – equity securities	$ 58	$ —	$ —	$ 58
Special use funds:[b]				
NEE:				
Equity securities	$ 2,538	$ 2,973 [c]	$ —	$ 5,511
U.S. Government and municipal bonds	$ 770	$ 75	$ —	$ 845
Corporate debt securities	$ 7	$ 955	$ —	$ 962
Mortgage-backed securities	$ —	$ 431	$ —	$ 431
Other debt securities	$ 2	$ 265	$ —	$ 267
FPL:				
Equity securities	$ 862	$ 2,690 [c]	$ —	$ 3,552
U.S. Government and municipal bonds	$ 624	$ 44	$ —	$ 668
Corporate debt securities	$ 6	$ 720	$ —	$ 726
Mortgage-backed securities	$ —	$ 313	$ —	$ 313
Other debt securities	$ 2	$ 225	$ —	$ 227
Other investments:[d]				
NEE:				
Equity securities	$ 70	$ 2	$ —	$ 72
Debt securities	$ 111	$ 162	$ 12	$ 285
FPL – equity securities	$ 13	$ —	$ —	$ 13

(a) Includes restricted cash equivalents of approximately $56 million ($53 million for FPL) in current other assets on the consolidated balance sheets.
(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
(c) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
(d) Included in noncurrent other assets on NEE's and FPL's consolidated balance sheets.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(millions)			
Assets:				
Cash equivalents and restricted cash equivalents:[a]				
NEE – equity securities	$ 742	$ —	$ —	$ 742
FPL – equity securities	$ 137	$ —	$ —	$ 137
Special use funds:[b]				
NEE:				
Equity securities	$ 2,237	$ 2,489 [c]	$ —	$ 4,726
U.S. Government and municipal bonds	$ 590	$ 127	$ —	$ 717
Corporate debt securities	$ 1	$ 870	$ —	$ 871
Mortgage-backed securities	$ —	$ 422	$ —	$ 422
Other debt securities	$ —	$ 124	$ —	$ 124
FPL:				
Equity securities	$ 752	$ 2,260 [c]	$ —	$ 3,012
U.S. Government and municipal bonds	$ 449	$ 87	$ —	$ 536
Corporate debt securities	$ —	$ 627	$ —	$ 627
Mortgage-backed securities	$ —	$ 335	$ —	$ 335
Other debt securities	$ —	$ 119	$ —	$ 119
Other investments:[d]				
NEE:				
Equity securities	$ 62	$ —	$ —	$ 62
Debt securities	$ 91	$ 127	$ —	$ 218
FPL - equity securities	$ 12	$ —	$ —	$ 12

(a) Includes restricted cash equivalents of approximately $111 million ($91 million for FPL) in current other assets and $42 million ($42 million for FPL) in noncurrent other assets on the consolidated balance sheets.
(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
(c) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
(d) Included in noncurrent other assets on NEE's and FPL's consolidated balance sheets.

Contingent Consideration – At December 31, 2021, NEER had approximately $261 million of contingent consideration liabilities which are included in noncurrent other liabilities on NEE's consolidated balance sheet. The liabilities relate to contingent consideration for the completion of capital expenditures for future development projects in connection with the acquisition of GridLiance Holdco, LP and GridLiance GP, LLC (see Note 6 – GridLiance). NEECH guarantees the contingent consideration obligations under the GridLiance acquisition agreements. Significant inputs and assumptions used in the fair value measurement, some of which are Level 3 and require judgement, include the projected timing and amount of future cash flows, estimated probability of completing future development projects as well as discount rates.

Fair Value of Financial Instruments Recorded at Other than Fair Value – The carrying amounts of commercial paper and other short-term debt approximate their fair values. The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

	December 31, 2021		December 31, 2020	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds[a]	$ 906	$ 907	$ 919	$ 920
Other investments[b]	$ 102	$ 102	$ 29	$ 29
Long-term debt, including current portion	$ 52,745	$ 57,290 [c]	$ 46,082	$ 51,525 [c]
FPL:				
Special use funds[a]	$ 672	$ 672	$ 718	$ 719
Long-term debt, including current portion	$ 18,510	$ 21,379 [c]	$ 17,236	$ 21,178 [c]

(a) Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis (Level 2).
(b) Included in noncurrent other assets on NEE's consolidated balance sheets.
(c) At December 31, 2021 and 2020, substantially all is Level 2 for NEE and FPL.

Special Use Funds – The special use funds noted above and those carried at fair value (see Recurring Non-Derivative Fair Value Measurements above) consist of NEE's nuclear decommissioning fund assets of approximately $8,846 million and $7,703 million at December 31, 2021 and 2020, respectively, ($6,082 million and $5,271 million, respectively, for FPL) and FPL's storm fund assets of $76 million and $76 million at December 31, 2021 and 2020, respectively. The investments held in the special use funds consist of equity and available for sale debt securities which are primarily carried at estimated fair value. The amortized cost of debt securities is approximately $2,438 million and $2,009 million at December 31, 2021 and 2020, respectively ($1,877 million and $1,521 million, respectively, for FPL). Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at December 31, 2021 of approximately eight years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at December 31, 2021 of approximately one year. The cost of securities sold is determined using the specific identification method.

Effective January 1, 2020, NEE and FPL adopted an accounting standards update that provides a modified version of the other-than-temporary impairment model for debt securities. The new available for sale debt security impairment model no longer allows consideration of the length of time during which the fair value has been less than its amortized cost basis when determining whether a credit loss exists. Credit losses are required to be presented as an allowance rather than as a write-down of securities not intended to be sold or required to be sold. NEE and FPL adopted this model prospectively. See Note 1 – Measurement of Credit Losses on Financial Instruments.

For FPL's special use funds, changes in fair value of debt and equity securities, including any estimated credit losses of debt securities, result in a corresponding adjustment to the related regulatory asset or liability accounts, consistent with regulatory treatment. For NEE's non-rate regulated operations, changes in fair value of debt securities result in a corresponding adjustment to OCI, except for estimated credit losses and unrealized losses on debt securities intended or required to be sold prior to recovery of the amortized cost basis, which are recognized in other – net in NEE's consolidated statements of income. Changes in fair value of equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net in NEE's consolidated statements of income.

Unrealized gains (losses) recognized on equity securities held at December 31, 2021, 2020 and 2019 are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Unrealized gains	$ **981**	$ 627	$ 780	$ **652**	$ 444	$ 510

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

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Realized gains	$ **78**	$ 110	$ 68	$ **59**	$ 83	$ 44
Realized losses	$ **73**	$ 70	$ 48	$ **57**	$ 56	$ 29
Proceeds from sale or maturity of securities	$ **1,831**	$ 2,541	$ 3,005	$ **1,330**	$ 2,162	$ 2,539

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	**2021**	2020
	(millions)			
Unrealized gains	$ **76**	$ 134	$ **63**	$ 104
Unrealized losses[(a)]	$ **19**	$ 9	$ **15**	$ 9
Fair value	$ **1,100**	$ 201	$ **857**	$ 150

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at December 31, 2021 and 2020 were not material to NEE or FPL.

Regulations issued by the FERC and the NRC provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit, among other investments, investments in any securities of NEE or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NEER's nuclear plants are included in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for Seabrook, decommissioning fund contributions and withdrawals are also regulated by the NDFC pursuant to New Hampshire law.

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

Nonrecurring Fair Value Measurements – NEE tests its equity method investments for impairment whenever events or changes in circumstances indicate that the investment may be impaired. During the preparation of NEE's December 31, 2020 financial statements, it was determined that NextEra Energy Resources' investment in Mountain Valley Pipeline, LLC (Mountain Valley Pipeline) accounted for under the equity method of accounting was other-than-temporarily impaired. The impairment is the result of continued legal and regulatory challenges that have resulted in substantial delays in achieving commercial operation and increased costs to complete construction. More specifically at the end of 2020 and into early 2021, developments in the legal, regulatory and political environment caused NextEra Energy Resources to consider the investment impaired and the impairment to be other than temporary. The challenges included legal challenges to the various permits needed to complete construction and the regulatory approvals received, regulatory challenges related to alternative construction plans and the extended construction period, and the political and environmental challenges with the construction of an interstate pipeline. Accordingly, NextEra Energy Resources performed a fair value analysis based on the market approach to determine the amount of the impairment. The challenges to complete construction and the resulting economic outlook for the pipeline were considered in determining the magnitude of the other-than-temporary impairment. Based on the fair value analysis, the equity method investment with a carrying amount of approximately $1.9 billion was written down to its estimated fair value of approximately $400 million as of December 31, 2020, resulting in an impairment charge of $1.5 billion (or $1.2 billion after tax), which is recorded in equity in

earnings (losses) of equity method investees in NEE's consolidated statements of income for the year ended December 31, 2020.

The fair value estimate was based on a probability-weighted earnings before interest, taxes, depreciation and amortization (EBITDA) multiple valuation technique using a market participant view of the potential different outcomes for the investment. As part of the valuation, NextEra Energy Resources used observable inputs where available, including the EBITDA multiples of recent pipeline transactions. Significant unobservable inputs (Level 3), including the probabilities assigned to the different potential outcomes, the forecasts of operating revenues and costs, and the projected capital expenditures to complete the project, were also used in the estimation of fair value. An increase in the revenue forecasts, a decrease in the projected operating or capital expenditures or an increase in the probability assigned to the full pipeline being completed would result in an increased fair market value. Changes in the opposite direction of those unobservable inputs would result in a decreased fair market value.

On February 2, 2022, the U.S. Court of Appeals for the Fourth Circuit (the 4th Circuit) vacated and remanded Mountain Valley Pipeline's Biological Opinion issued by the U.S. Fish and Wildlife Service. While NextEra Energy Resources continues to evaluate options and next steps with its joint venture partners, this event along with the 4th Circuit vacatur and remand of the U.S. Forest Service right-of-way grant on January 25, 2022 caused NextEra Energy Resources to re-evaluate its investment in Mountain Valley Pipeline for further other-than-temporary impairment, which evaluation coincided with the preparation of NEE's December 31, 2021 financial statements. As a result of this evaluation, it was determined that the continued legal and regulatory challenges have resulted in a very low probability of pipeline completion. Accordingly, NextEra Energy Resources updated its fair value estimate using the same probability-weighted EBITDA multiple valuation technique using a market participant view of the potential different outcomes for the investment as discussed above. Based on this fair value analysis, NextEra Energy Resources recorded an impairment charge in the first quarter of 2022 of approximately $0.8 billion ($0.6 billion after tax). This impairment charge resulted in the complete write off of NextEra Energy Resources' equity method investment carrying amount of approximately $0.6 billion, as well as the recording of a liability of approximately $0.2 billion which reflects NextEra Energy Resources' share of estimated future ARO costs.

5. Income Taxes

The components of income taxes are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Federal:						
Current	**$ (26)**	$ 105	$ 167	**$ 85**	$ 16	$ 390
Deferred	**311**	(148)	115	**545**	474	(41)
Total federal	**285**	(43)	282	**630**	490	349
State:						
Current	**(62)**	18	23	**1**	32	50
Deferred	**125**	69	143	**207**	156	85
Total state	**63**	87	166	**208**	188	135
Total income taxes	**$ 348**	$ 44	$ 448	**$ 838**	$ 678	$ 484

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

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

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
Statutory federal income tax rate	**21.0 %**	21.0 %	21.0 %	**21.0 %**	21.0 %	21.0 %
Increases (reductions) resulting from:						
State income taxes – net of federal income tax benefit[(a)]	**1.6**	2.8	3.4	**4.1**	4.2	3.5
Taxes attributable to noncontrolling interests	**5.0**	4.8	2.1	**—**	—	—
PTCs and ITCs – NEER	**(10.3)**	(11.8)	(7.2)	**—**	—	—
Amortization of deferred regulatory credit[(b)]	**(4.4)**	(7.2)	(6.2)	**(3.5)**	(4.9)	(8.0)
Foreign operations[(c)]	**0.2**	(2.4)	—	**—**	—	—
Other – net	**(2.1)**	(5.4)	(1.4)	**(0.9)**	(1.3)	(0.4)
Effective income tax rate	**11.0 %**	1.8 %	11.7 %	**20.7 %**	19.0 %	16.1 %

(a) NEE's 2019 amount reflects a valuation allowance of approximately $48 million related to deferred state tax credits.
(b) 2019 reflects an adjustment of approximately $83 million recorded by FPL to reduce income tax expense for the cumulative amortization of excess deferred income taxes from January 1, 2018 as a result of the FPSC's order in connection with its review of impacts associated with the Tax Cuts and Jobs Act. One of the provisions of the order requires FPL to amortize approximately $870 million of its excess deferred income taxes over a period not to exceed ten years.
(c) The 2020 gain on sale of the Spain solar projects was not taxable for federal and state income tax purposes (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests).

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	**2021**	2020
	(millions)			
Deferred tax liabilities:				
Property-related	**$ 10,018**	$ 10,065	**$ 7,831**	$ 7,548
Pension	**564**	437	**425**	394
Investments in partnerships and joint ventures	**2,783**	2,238	**3**	3
Other	**2,092**	1,730	**1,232**	862
Total deferred tax liabilities	**15,457**	14,470	**9,491**	8,807
Deferred tax assets and valuation allowance:				
Decommissioning reserves	**296**	290	**296**	290
Net operating loss carryforwards	**330**	299	**2**	3
Tax credit carryforwards	**4,646**	3,859	**182**	4
ARO and accrued asset removal costs	**199**	347	**126**	272
Regulatory liabilities	**1,421**	1,380	**1,397**	1,356
Other	**733**	755	**351**	363
Valuation allowance[(a)]	**(282)**	(289)	**—**	—
Net deferred tax assets	**7,343**	6,641	**2,354**	2,288
Net deferred income taxes	**$ 8,114**	$ 7,829	**$ 7,137**	$ 6,519

(a) Reflects valuation allowances related to deferred state tax credits and state operating loss carryforwards.

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	2021	2020
	(millions)			
Noncurrent other assets	$ 196	$ 191	$ —	$ —
Deferred income taxes – noncurrent liabilities	(8,310)	(8,020)	(7,137)	(6,519)
Net deferred income taxes	$ (8,114)	$ (7,829)	$ (7,137)	$ (6,519)

The components of NEE's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2021 are as follows:

	Amount	Expiration Dates
	(millions)	
Net operating loss carryforwards:		
Federal	$ 51 [(a)]	2034 – 2038
State	264	2022 – 2041
Foreign	15	2022 – 2041
Net operating loss carryforwards	$ 330	
Tax credit carryforwards:		
Federal	$ 4,296	2030 – 2041
State	345 [(b)]	2022 – 2046
Foreign	5	2035 – 2041
Tax credit carryforwards	$ 4,646	

(a) Includes $49 million of net operating loss carryforwards with an indefinite expiration period.
(b) Includes $191 million of ITC carryforwards with an indefinite expiration period.

6. Acquisitions

Gulf Power Company – On January 1, 2019, NEE acquired the outstanding common shares of Gulf Power Company, a rate-regulated electric utility under the jurisdiction of the FPSC, which served approximately 470,000 customers in eight counties throughout northwest Florida, had approximately 9,500 miles of transmission and distribution lines and owned approximately 2,300 MW of net generating capacity. The purchase price included approximately $4.44 billion in cash consideration and the assumption of approximately $1.3 billion of Gulf Power debt.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on January 1, 2019 based on their fair value. The approval by the FPSC of Gulf Power's rates, which were intended to allow Gulf Power to collect from retail customers total revenues equal to Gulf Power's costs of providing service, including a reasonable rate of return on invested capital, was considered a fundamental input in measuring the fair value of Gulf Power's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates were representative of their fair values. As a result, NEE acquired assets of approximately $5.2 billion, primarily relating to property, plant and equipment of $4.0 billion and regulatory assets of $494 million, and assumed liabilities of approximately $3.4 billion, including $1.3 billion of long-term debt, $635 million of regulatory liabilities and $562 million of deferred income taxes. The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately $2.7 billion of goodwill which had been recognized on NEE's consolidated balance sheet. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses and the indefinite life of Gulf Power's service area franchise.

Merger of FPL and Gulf Power Company – On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. See Note 16. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE. See Note 1 – Rate Regulation – Base Rates Effective January 2022 through December 2025. As a result of the merger, FPL acquired assets of approximately $6.7 billion, primarily relating to property, plant and equipment, net of approximately $4.9 billion and regulatory assets of $1.2 billion, and assumed liabilities of approximately $3.9 billion, including $1.8 billion of debt, primarily long-term debt, $729 million of deferred income taxes and $566 million of regulatory liabilities. Additionally, goodwill of approximately $2.7 billion and purchase accounting adjustments associated with the 2019 Gulf Power Company acquisition by NEE were transferred to FPL from Corporate and

Other at NEE. Goodwill associated with the Gulf Power Company acquisition is reflected within Corporate and Other at FPL and, for impairment testing, is included in the Gulf Power reporting unit. The assets acquired and liabilities assumed by FPL were at carrying amounts as the merger was between entities under common control.

Trans Bay Cable LLC – On July 16, 2019, a wholly owned subsidiary of NEET acquired the membership interests of Trans Bay Cable LLC (Trans Bay), which owns and operates a 53-mile, high-voltage direct current underwater transmission cable system in California extending from Pittsburg to San Francisco, with utility rates set by the FERC and revenues paid by the California Independent System Operator. The purchase price included approximately $670 million in cash consideration and the assumption of debt of approximately $422 million.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair value. The approval by the FERC of Trans Bay's rates, which is intended to allow Trans Bay to collect total revenues equal to Trans Bay's costs for the development, financing, construction, operation and maintenance of Trans Bay, including a reasonable rate of return on invested capital, is considered a fundamental input in measuring the fair value of Trans Bay's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates are representative of their fair values. As a result, NEE acquired assets of approximately $703 million, primarily relating to property, plant and equipment, and assumed liabilities of approximately $643 million, primarily relating to long-term debt. The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately $610 million of goodwill which has been recognized on NEE's consolidated balance sheet, of which approximately $572 million is expected to be deductible for tax purposes. Goodwill associated with the Trans Bay acquisition is reflected within NEER and, for impairment testing, is included in the rate-regulated transmission reporting unit. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses.

GridLiance – On March 31, 2021, a wholly owned subsidiary of NEET acquired GridLiance Holdco, LP and GridLiance GP, LLC (GridLiance), which owns and operates three FERC-regulated transmission utilities with approximately 700 miles of high-voltage transmission lines across six states, five in the Midwest and Nevada. The purchase price included approximately $502 million in cash consideration, and the assumption of approximately $175 million of debt, excluding post-closing adjustments.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair value. The approval by the FERC of GridLiance's rates, which is intended to allow GridLiance to collect total revenues equal to GridLiance's costs for the development, financing, construction, operation and maintenance of GridLiance, including a reasonable rate of return on invested capital, is considered a fundamental input in measuring the fair value of GridLiance's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates are representative of their fair values. As a result, NEE acquired assets of approximately $384 million, primarily relating to property, plant and equipment, and assumed liabilities of approximately $210 million, primarily relating to long-term debt. The acquisition agreements are subject to earn-out provisions for additional payments, valued at approximately $264 million at March 31, 2021, to be made upon the completion of capital expenditures for future development projects (see Note 4 – Contingent Consideration). The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately $592 million of goodwill which has been recognized on NEE's consolidated balance sheet at December 31, 2021, of which approximately $586 million is expected to be deductible for tax purposes. Goodwill associated with the GridLiance acquisition is reflected within NEER and, for impairment testing, is included in the rate-regulated transmission reporting unit. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses. The valuation of the acquired net assets is subject to change as additional information related to the estimates is obtained during the measurement period.

7. Property, Plant and Equipment

Property, plant and equipment consists of the following at December 31:

	NEE		FPL	
	2021	2020	**2021**	2020
	(millions)			
Electric plant in service and other property	**$ 112,500**	$ 105,860	**$ 67,771**	$ 62,963
Nuclear fuel	**1,606**	1,604	**1,170**	1,143
Construction work in progress	**14,141**	10,639	**6,326**	5,361
Property, plant and equipment, gross	**128,247**	118,103	**75,267**	69,467
Accumulated depreciation and amortization	**(28,899)**	(26,300)	**(17,040)**	(15,588)
Property, plant and equipment – net	**$ 99,348**	$ 91,803	**$ 58,227**	$ 53,879

FPL – At December 31, 2021, FPL's gross investment in electric plant in service and other property for the electric generation, transmission, distribution and general facilities of FPL represented approximately 46%, 13%, 35% and 6%, respectively; the

respective amounts at December 31, 2020 were 47%, 12%, 35% and 6%. Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The weighted annual composite depreciation and amortization rate for FPL's electric plant in service, including capitalized software, but excluding the effects of decommissioning, dismantlement and the depreciation adjustments discussed in the following sentence, was approximately 3.8%, 3.8% and 3.9% for 2021, 2020 and 2019, respectively. In accordance with the 2016 rate agreement (see Note 1 – Rate Regulation – Base Rates Effective January 2017 through December 2021), FPL recorded reserve amortization (reversal) of approximately $429 million, $(1) million and $(357) million in 2021, 2020 and 2019, respectively. During each of 2021, 2020 and 2019, the FPL segment capitalized AFUDC at a rate of 6.22%, which amounted to approximately $124 million, $79 million and $80 million, respectively. During each of 2021, 2020 and 2019, Gulf Power capitalized AFUDC at a rate of 5.73%, which amounted to approximately $53 million, $38 million and $6 million, respectively.

NEER – At December 31, 2021, wind, solar and nuclear plants represented approximately 53%, 14% and 8%, respectively, of NEER's depreciable electric plant in service and other property; the respective amounts at December 31, 2020 were 55%, 13% and 8%. The estimated useful lives of NEER's plants range primarily from 30 to 35 years for wind plants, 30 to 35 years for solar plants and 23 to 47 years for nuclear plants. NEER's oil and gas production assets represented approximately 14% and 14% of NEER's depreciable electric plant in service and other property at December 31, 2021 and 2020, respectively. A number of NEER's generation, regulated transmission and pipeline facilities are encumbered by liens securing various financings. The net book value of NEER's assets serving as collateral was approximately $13.5 billion at December 31, 2021. Interest capitalized on construction projects amounted to approximately $139 million, $168 million and $135 million during 2021, 2020 and 2019, respectively.

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

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

	December 31, 2021			
	Ownership Interest	Gross Investment[a]	Accumulated Depreciation[a]	Construction Work in Progress
		(millions)		
FPL:				
St. Lucie Unit No. 2	85 %	$ 2,284	$ 1,044	$ 90
Daniel Units Nos. 1 and 2[b]	50 %	$ 759	$ 274	$ 16
Scherer Unit No. 3[c]	25 %	$ 449	$ 204	$ 3
NEER:				
Seabrook	88.23 %	$ 1,330	$ 453	$ 58
Wyman Station Unit No. 4	91.19 %	$ 30	$ 11	$ —
Stanton	65 %	$ 139	$ 19	$ —
Transmission substation assets located in Seabrook, New Hampshire	88.23 %	$ 114	$ 8	$ 22

(a) Excludes nuclear fuel.
(b) FPL intends to retire its share of these units in 2024. Net book value is reflected in other property on NEE's and FPL's consolidated balance sheets.
(c) Together with its joint interest owner, FPL intends to retire this unit in 2028. Net book value is reflected in other property on NEE's and FPL's consolidated balance sheets.

8. Equity Method Investments

At December 31, 2021 and 2020, NEE's equity method investments totaled approximately $6,159 million and $5,728 million, respectively. The principal entities included in investment in equity method investees on NEE's consolidated balance sheets are NEP OpCo, Sabal Trail Transmission, LLC (Sabal Trail) (see Note 15 – Contracts), Mountain Valley Pipeline (see Note 15 – Contracts), and Silver State South Solar, LLC. NEE's interest in these entities range from approximately 32% to 55%, and these entities own or are constructing natural gas pipelines or own electric generation facilities.

Summarized combined information for these principal entities is as follows:

	2021	2020
	(millions)	
Operating revenue	$ 1,469	$ 1,359
Operating income	$ 559	$ 538
Net income	$ 739	$ 516
Total assets	$ 29,537	$ 22,717
Total liabilities	$ 9,501	$ 6,612
Partners'/members' equity[(a)]	$ 20,036	$ 16,105
NEE's share of underlying equity in the principal entities	$ 4,352	$ 3,927
Difference between investment carrying amount and underlying equity in net assets[(b)]	1,133	1,312
NEE's investment carrying amount for the principal entities	$ 5,485	$ 5,239

(a) Reflects NEE's interest, as well as third-party interests, in NEP OpCo.

(b) Approximately $2.6 billion in 2021 and $2.8 billion in 2020 is associated with NEP OpCo, of which approximately 75% and 70%, respectively, relates to goodwill and is not being amortized and the remaining balance is being amortized primarily over a period of 17 to 25 years. The difference for both years is net of an approximately $1.5 billion impairment charge in 2020 related to NextEra Energy Resources' investment in Mountain Valley Pipeline. In the first quarter of 2022, NextEra Energy Resources recorded an additional impairment charge to completely write off its investment in Mountain Valley Pipeline. See Note 4 – Nonrecurring Fair Value Measurements for a discussion of the impairment charges.

NextEra Energy Resources provides operational, management and administrative services as well as transportation and fuel management services to NEP and its subsidiaries under various agreements (service agreements). NextEra Energy Resources is also party to a cash sweep and credit support (CSCS) agreement with a subsidiary of NEP. At December 31, 2021 and 2020, the cash sweep amounts (due to NEP and its subsidiaries) held in accounts belonging to NextEra Energy Resources or its subsidiaries were approximately $57 million and $10 million, respectively, and are included in accounts payable. Fee income related to the CSCS agreement and the service agreements totaled approximately $148 million, $120 million and $101 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is included in operating revenues in NEE's consolidated statements of income. Amounts due from NEP of approximately $113 million and $68 million are included in other receivables and $40 million and $32 million are included in noncurrent other assets at December 31, 2021 and 2020, respectively. See also Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests for amounts due to NEP for reimbursement of construction-related costs. NEECH or NextEra Energy Resources guaranteed or provided indemnifications, letters of credit or surety bonds totaling approximately $3,778 million at December 31, 2021 primarily related to obligations on behalf of NEP's subsidiaries with maturity dates ranging from 2022 to 2059, including certain project performance obligations, obligations under financing and interconnection agreements and obligations, primarily incurred and future construction payables, associated with the December 2021 sale of projects to NEP (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests). Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded on NEE's consolidated balance sheets at fair value. At December 31, 2021, approximately $41 million related to the fair value of the credit support provided under the CSCS agreement is recorded as noncurrent other liabilities on NEE's consolidated balance sheet.

9. Variable Interest Entities (VIEs)

NEER – At December 31, 2021, NEE consolidates a number of VIEs within the NEER segment. Subsidiaries within the NEER segment are considered the primary beneficiary of these VIEs since they control the most significant activities of these VIEs, including operations and maintenance, and they have the obligation to absorb expected losses of these VIEs.

Eight indirect subsidiaries of NextEra Energy Resources have an ownership interest ranging from approximately 50% to 67% in entities which own and operate solar facilities with the capability of producing a total of approximately 772 MW. Each of the subsidiaries is considered a VIE since the non-managing members have no substantive rights over the managing members, and is consolidated by NextEra Energy Resources. These entities sell their electric output to third parties under power sales contracts with expiration dates ranging from 2035 through 2052. These entities have third-party debt which is secured by liens against the assets of the entities. The debt holders have no recourse to the general credit of NextEra Energy Resources for the repayment of debt. The assets and liabilities of these VIEs were approximately $1,851 million and $1,258 million, respectively, at December 31, 2021. There were three of these consolidated VIEs at December 31, 2020, and the assets and liabilities of those VIEs at such date totaled approximately $751 million and $607 million, respectively. At December 31, 2021 and 2020, the assets and liabilities of these VIEs consisted primarily of property, plant and equipment and long-term debt.

NEE consolidates a NEET VIE that is constructing an approximately 280-mile electricity transmission line. A NEET subsidiary is the primary beneficiary and controls the most significant activities during the construction period, including controlling the construction budget. NEET is entitled to receive 50% of the profits and losses of the entity. The assets and liabilities of the VIE totaled approximately $614 million and $64 million, respectively, at December 31, 2021, and $423 million and $68 million,

respectively, at December 31, 2020. At December 31, 2021 and 2020, the assets and liabilities of this VIE consisted primarily of property, plant and equipment and accounts payable.

NextEra Energy Resources consolidates a VIE which has a 10% direct ownership interest in wind generation facilities and solar facilities which have the capability of producing approximately 400 MW and 599 MW, respectively. These entities sell their electric output under power sales contracts to third parties with expiration dates ranging from 2025 through 2040. These entities are also considered a VIE because the holders of differential membership interests in these entities do not have substantive rights over the significant activities of these entities. The assets and liabilities of the VIE were approximately $1,518 million and $79 million, respectively, at December 31, 2021, and $1,572 million and $393 million, respectively, at December 31, 2020. At December 31, 2021 and 2020, the assets and liabilities of this VIE consisted primarily of property, plant and equipment and accounts payable.

The other 33 NextEra Energy Resources VIEs that are consolidated primarily relate to certain subsidiaries which have sold differential membership interests in entities which own and operate wind generation as well as solar and solar plus battery storage facilities with the capability of producing a total of approximately 10,626 MW and 890 MW, respectively, and own wind generation as well as solar and solar plus battery storage facilities that, upon completion of construction, which is anticipated in the first half of 2022, are expected to have a total capacity of approximately 200 MW and 625 MW, respectively. These entities sell, or will sell, their electric output either under power sales contracts to third parties with expiration dates ranging from 2024 through 2053 or in the spot market. These entities are considered VIEs because the holders of differential membership interests do not have substantive rights over the significant activities of these entities. NextEra Energy Resources has financing obligations with respect to these entities, including third-party debt which is secured by liens against the generation facilities and the other assets of these entities or by pledges of NextEra Energy Resources' ownership interest in these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of these VIEs totaled approximately $17,419 million and $1,480 million, respectively, at December 31, 2021, and $16,180 million and $1,741 million, respectively at December 31, 2020. At December 31, 2021 and 2020, the assets and liabilities of these VIEs consisted primarily of property, plant and equipment and accounts payable. At December 31, 2021, subsidiaries of NEE had guarantees related to certain obligations of two of these consolidated VIEs.

Other – At December 31, 2021 and 2020, several NEE subsidiaries had investments totaling approximately $4,559 million ($3,799 million at FPL) and $3,704 million ($3,124 million at FPL), respectively, which are included in special use funds and noncurrent other assets on NEE's consolidated balance sheets and in special use funds on FPL's consolidated balance sheets. These investments represented primarily commingled funds and mortgage-backed securities. NEE subsidiaries, including FPL, are not the primary beneficiaries and therefore do not consolidate any of these entities because they do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

Certain subsidiaries of NEE have noncontrolling interests in entities accounted for under the equity method, including NEE's noncontrolling interest in NEP OpCo (see Note 8). These entities are limited partnerships or similar entity structures in which the limited partners or non-managing members do not have substantive rights over the significant activities of these entities, and therefore are considered VIEs. NEE is not the primary beneficiary because it does not have a controlling financial interest in these entities, and therefore does not consolidate any of these entities. NEE's investment in these entities totaled approximately $4,214 million and $3,932 million at December 31, 2021 and 2020, respectively. At December 31, 2021, subsidiaries of NEE had guarantees related to certain obligations of one of these entities, as well as commitments to invest an additional approximately $110 million in several of these entities. See further discussion of such guarantees and commitments in Note 15 – Commitments and – Contracts, respectively.

10. Leases

NEE has operating and finance leases primarily related to purchased power agreements, land use agreements that convey exclusive use of the land during the arrangement for certain of its renewable energy projects and substations, buildings and equipment. Operating and finance leases primarily have fixed payments with expected expiration dates ranging from 2022 to 2083, with the exception of operating leases related to three land use agreements with an expiration date of 2106, some of which include options to extend the leases up to 20 years and some have options to terminate at NEE's discretion. At December 31, 2021, NEE's ROU assets and lease liabilities for operating leases totaled approximately $547 million and $555 million, respectively; the respective amounts at December 31, 2020 were $535 million and $541 million. At December 31, 2021, NEE's ROU assets and lease liabilities for finance leases totaled approximately $205 million and $200 million, respectively; the respective amounts at December 31, 2020 were $128 million and $124 million. NEE's lease liabilities at December 31, 2021 and 2020 were calculated using a weighted-average incremental borrowing rate at the lease inception of 3.57% and 3.81%, respectively, for operating leases and 3.52% and 3.50%, respectively, for finance leases, and a weighted-average remaining lease term of 39 years and 33 years, respectively, for operating leases and 31 years and 25 years, respectively, for finance leases. At December 31, 2021, expected lease payments over the remaining terms of the leases were approximately $1.4 billion with no one year being material. NEE's operating lease cost for the years ended December 31, 2021, 2020 and 2019 totaled approximately $92 million, $95 million and $91 million, respectively. During the year ended December 31, 2021, 2020 and 2019,

NEE's ROU assets obtained in exchange for operating lease obligations totaled approximately $92 million, $121 million and $450 million, respectively, and in 2019 primarily relate to leases acquired with the Gulf Power ($262 million at FPL) and Trans Bay acquisitions (see Note 6). Other operating and finance lease-related amounts were not material to NEE's consolidated statements of income for the periods presented.

NEE has operating and sales-type leases primarily related to a natural gas and oil electric generation facility and certain battery storage facilities that sell their electric output under power sales agreements to third parties which provide the customers the ability to dispatch the facilities. At December 31, 2021 and 2020, NEE recorded a net investment in sales-type leases of approximately $42 million and $47 million, respectively. At December 31, 2021, the power sales agreements have expiration dates from 2024 to 2043 and NEE expects to receive approximately $843 million of lease payments over the remaining terms of the power sales agreements with no one year being material. Operating and sales-type lease-related amounts were not material to NEE's consolidated statements of income for the periods presented.

11. Asset Retirement Obligations

NEE's AROs relate primarily to decommissioning obligations of FPL's and NEER's nuclear units and to obligations for the dismantlement of certain of NEER's wind and solar facilities. For NEE's rate-regulated operations, including FPL, the accounting provisions result in timing differences in the recognition of legal asset retirement costs for financial reporting purposes and the method the regulator allows for recovery in rates. See Note 1 – Rate Regulation and – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs.

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

	NEE	FPL
	(millions)	
Balances, December 31, 2019	$ 3,506	$ 2,410
Liabilities incurred	138	—
Accretion expense	169	103
Liabilities settled	(53)	(32)
Revision in estimated cash flows – net	(594) [a]	(545) [a]
Balances, December 31, 2020	3,166 [b]	1,936 [b]
Liabilities incurred	79	7
Accretion expense	141	78
Liabilities settled	(88) [c]	(15)
Revision in estimated cash flows – net	(119) [d]	101 [e]
Balances, December 31, 2021	$ 3,179 [b]	$ 2,107 [b]

(a) Primarily reflects the effect of revised cost estimates for decommissioning FPL's nuclear units consistent with the updated nuclear decommissioning studies filed with the FPSC in December 2020.
(b) Includes the current portion of AROs as of December 31, 2021 and 2020 of approximately $97 million ($58 million for FPL) and $109 million ($65 million for FPL), respectively, which are included in other current liabilities on NEE's and FPL's consolidated balance sheets.
(c) Includes approximately $35 million related to project sales to NEP as well as other sales of businesses and assets. See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.
(d) The increase at FPL discussed in (e) was offset primarily by the effect of revised cost estimates and useful lives of NEER's solar facilities.
(e) Primarily reflects the effect of pending license extension requests of St. Lucie Units Nos. 1 and 2 for an additional 20 years.

Restricted funds for the payment of future expenditures to decommission NEE's and FPL's nuclear units included in special use funds on NEE's and FPL's consolidated balance sheets are presented below (see Note 4 – Special Use Funds). Duane Arnold is being actively decommissioned and was granted an exemption from the NRC, which allows for use of the funds for certain other site restoration activities in addition to decommissioning obligations recorded as AROs.

	NEE	FPL
	(millions)	
Balances, December 31, 2021	$ 8,846	$ 6,082
Balances, December 31, 2020	$ 7,703	$ 5,271

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

12. Employee Retirement Benefits

Employee Pension Plan and Other Benefits Plans – NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. NEE also has a supplemental executive retirement plan (SERP), which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees, and sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements. The total accrued benefit cost of the SERP and postretirement plans is approximately $300 million ($139 million for FPL) and $323 million ($156 million for FPL) at December 31, 2021 and 2020, respectively.

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

	2021	2020
	(millions)	
Change in pension plan assets:		
Fair value of plan assets at January 1	$ 5,314	$ 4,800
Actual return on plan assets	627	723
Benefit payments	(253)	(209)
Fair value of plan assets at December 31	$ 5,688	$ 5,314
Change in pension benefit obligation:		
Obligation at January 1	$ 3,607	$ 3,363
Service cost	90	85
Interest cost	64	92
Special termination benefit[a]	—	16
Plan amendments	—	1
Actuarial losses (gains) – net	(63)	259
Benefit payments	(253)	(209)
Obligation at December 31[b]	$ 3,445	$ 3,607
Funded status:		
Prepaid pension benefit costs at NEE at December 31	$ 2,243	$ 1,707
Prepaid pension benefit costs at FPL at December 31[c]	$ 1,657	$ 1,550

(a) Reflects enhanced early retirement benefit.
(b) NEE's accumulated pension benefit obligation, which includes no assumption about future salary levels, at December 31, 2021 and 2020 was approximately $3,352 million and $3,521 million, respectively.
(c) Reflects FPL's allocated benefits under NEE's pension plan.

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

	2021	2020
	(millions)	
Unrecognized prior service benefit (net of $1 tax expense and $1 tax expense, respectively)	$ 2	$ 2
Unrecognized gains (losses) (net of $7 tax expense and $24 tax benefit, respectively)	41	(60)
Total	$ 43	$ (58)

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

	2021	2020
	(millions)	
Unrecognized prior service benefit	$ (1)	$ (1)
Unrecognized losses (gains)	(80)	163
Total	$ (81)	$ 162

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

	2021	2020
Discount rate[a]	2.87 %	2.53 %
Salary increase	4.90 %	4.40 %
Weighted-average interest crediting rate	3.79 %	3.82 %

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

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

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

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

	December 31, 2021[a]			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity securities[b]	$ 1,977	$ 29	$ 2	$ 2,008
Equity commingled vehicles[c]	—	889	—	889
U.S. Government and municipal bonds	131	6	—	137
Corporate debt securities[d]	—	351	—	351
Asset-backed securities	—	386	—	386
Debt security commingled vehicles[e]	—	219	—	219
Convertible securities[f]	91	489	—	580
Total investments in the fair value hierarchy	$ 2,199	$ 2,369	$ 2	4,570
Total investments measured at net asset value[g]				1,118
Total fair value of plan assets				$ 5,688

(a) See Notes 3 and 4 for discussion of fair value measurement techniques and inputs.
(b) Includes foreign investments of $927 million.
(c) Includes foreign investments of $169 million.
(d) Includes foreign investments of $109 million.
(e) Includes foreign investments of $5 million.
(f) Includes foreign investments of $41 million.
(g) Includes foreign investments of $220 million.

	December 31, 2020[a]			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity securities[b]	$ 2,017	$ 10	$ 3	$ 2,030
Equity commingled vehicles[c]	—	668	—	668
U.S. Government and municipal bonds	169	8	—	177
Corporate debt securities[d]	—	340	—	340
Asset-backed securities	—	375	—	375
Debt security commingled vehicles[e]	—	201	—	201
Convertible securities[f]	64	453	—	517
Total investments in the fair value hierarchy	$ 2,250	$ 2,055	$ 3	4,308
Total investments measured at net asset value[g]				1,006
Total fair value of plan assets				$ 5,314

(a) See Notes 3 and 4 for discussion of fair value measurement techniques and inputs.
(b) Includes foreign investments of $881 million.
(c) Includes foreign investments of $156 million.
(d) Includes foreign investments of $93 million.
(e) Includes foreign investments of $5 million.
(f) Includes foreign investments of $35 million.
(g) Includes foreign investments of $153 million.

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

2022	$ 204
2023	$ 208
2024	$ 209
2025	$ 210
2026	$ 214
2027 – 2031	$ 1,033

Net Periodic Income – The components of net periodic income for the plans are as follows:

	Pension Benefits			Postretirement Benefits		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Service cost	**$ 90**	$ 85	$ 80	**$ 2**	$ 1	$ 1
Interest cost	**64**	92	114	**4**	8	9
Expected return on plan assets	**(339)**	(321)	(312)	**—**	—	—
Amortization of actuarial loss	**24**	18	—	**5**	3	—
Amortization of prior service benefit	**(1)**	(1)	(1)	**(15)**	(16)	(15)
Special termination benefits	**—**	16	19	**—**	—	—
Net periodic income at NEE	**$ (162)**	$ (111)	$ (100)	**$ (4)**	$ (4)	$ (5)
Net periodic income allocated to FPL	**$ (108)**	$ (84)	$ (61)	**$ (4)**	$ (4)	$ (4)

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

	2021	2020	2019
		(millions)	
Net gains (losses) (net of $29 tax expense, $13 tax expense and $10 tax benefit, respectively)	$ 95	$ 42	$ (36)
Amortization of unrecognized losses (net of $2 tax expense and $1 tax expense, respectively)	6	5	—
Total	$ 101	$ 47	$ (36)

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

	2021	2020
	(millions)	
Prior service cost (benefit)	$ (1)	$ 1
Unrecognized gains	(226)	(89)
Amortization of prior service benefit	—	1
Amortization of unrecognized losses	(16)	(12)
Total	$ (243)	$ (99)

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

	2021	2020	2019
Discount rate	2.53 %	3.22 %	4.26 %
Salary increase	4.40 %	4.40 %	4.40 %
Expected long-term rate of return, net of investment management fees[(a)]	7.35 %	7.35 %	7.35 %
Weighted-average interest crediting rate	3.82 %	3.83 %	3.88 %

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

Employee Contribution Plan – NEE offers an employee retirement savings plan which allows eligible participants to contribute a percentage of qualified compensation through payroll deductions. NEE makes matching contributions to participants' accounts. Defined contribution expense pursuant to this plan was approximately $66 million, $64 million and $58 million for NEE ($42 million, $40 million and $40 million for FPL) for the years ended December 31, 2021, 2020 and 2019, respectively.

13. Debt

Long-term debt consists of the following:

		December 31,			
		2021		2020	
	Maturity Date	Balance	Weighted-Average Interest Rate	Balance	Weighted-Average Interest Rate
		(millions)		(millions)	
FPL:					
First mortgage bonds – fixed	2023 – 2051	$ 14,290	4.20 %	$ 13,090	4.32 %
Pollution control, solid waste disposal and industrial development revenue bonds – primarily variable[a]	2022 – 2050	1,407	0.15 %	1,407	0.17 %
Senior unsecured notes – primarily variable[b][c]	2022 – 2071	2,697	1.37 %	2,621	1.55 %
Other long-term debt – variable[c]	2022 – 2046	307	0.82 %	300	0.70 %
Unamortized debt issuance costs and discount		(191)		(182)	
Total long-term debt of FPL		18,510		17,236	
Less current portion of long-term debt		536		354	
Long-term debt of FPL, excluding current portion		17,974		16,882	
NEER:					
NextEra Energy Resources:					
Senior secured limited-recourse long-term debt – variable[c][d]	2024 – 2037	3,100	1.74 %	2,621	1.99 %
Senior secured limited-recourse long-term loans – fixed	2028 – 2049	2,475	3.30 %	704	3.59 %
Other long-term debt – primarily variable[c][d]	2024 – 2048	785	2.50 %	450	2.72 %
NEET – long-term debt – primarily fixed[d]	2022 – 2049	1,151	2.69 %	937	3.09 %
Unamortized debt issuance costs and premium		(92)		(65)	
Total long-term debt of NEER		7,419		4,647	
Less current portion of long-term debt		664		239	
Long-term debt of NEER, excluding current portion		6,755		4,408	
NEECH:					
Debentures – fixed	2023 – 2052	10,990	2.21 %	11,540 [d]	2.86 %
Debentures – variable[c]	2022 – 2023	3,850	0.56 %	1,225	0.80 %
Debentures, related to NEE's equity units – fixed	2024 – 2025	6,000	1.46 %	6,000	1.46 %
Junior subordinated debentures – primarily fixed[d]	2057 – 2082	3,723	4.54 %	3,693	4.78 %
Japanese yen denominated long-term debt – primarily variable[c][d][e]	2023 – 2030	582	1.49 %	650	1.49 %
Australian dollar denominated long-term debt – fixed[e]	2026	360	2.20 %	385	2.20 %
Other long-term debt – fixed	2022	186	0.92 %	221	0.92 %
Other long-term debt – variable[c]	2023 – 2024	1,245	0.64 %	600	0.70 %
Unamortized debt issuance costs, premium		(120)		(115)	
Total long-term debt of NEECH		26,816		24,199	
Less current portion of long-term debt		585		3,545	
Long-term debt of NEECH, excluding current portion		26,231		20,654	
Total long-term debt		$ 50,960		$ 41,944	

(a) Includes variable rate tax exempt bonds that permit individual bondholders to tender the bonds for purchase at any time prior to maturity. In the event these variable rate tax exempt bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase these variable rate tax exempt bonds. At December 31, 2021, these variable rate tax exempt bonds totaled approximately $1,375 million. All variable rate tax exempt bonds tendered for purchase have been successfully remarketed. FPL's syndicated revolving credit facilities are available to support the purchase of the variable rate tax exempt bonds. Variable interest rate is established at various intervals by the remarketing agent.

(b) At December 31, 2021, includes approximately $882 million of floating rate notes that permit individual noteholders to require repayment at specified dates prior to maturity. FPL's syndicated revolving credit facilities are available to support the purchase of the floating rate notes.

(c) Variable rate is based on an underlying index plus a specified margin.

(d) Interest rate contracts, primarily swaps, have been entered into with respect to certain of these debt issuances. See Note 3.

(e) Foreign currency contracts have been entered into with respect to these debt issuances. See Note 3.

As of December 31, 2021, minimum annual maturities of long-term debt for NEE are approximately $1,785 million, $8,394 million, $3,672 million, $6,536 million and $1,322 million for 2022, 2023, 2024, 2025 and 2026, respectively. The respective amounts for FPL are approximately $536 million, $1,548 million, $646 million, $1,700 million and $0.2 million.

At December 31, 2021 and 2020, short-term borrowings had a weighted-average interest rate of 0.39% (0.27% for FPL) and 0.35% (0.28% for FPL), respectively. Subsidiaries of NEE, including FPL, had credit facilities with available capacity at December 31, 2021 of approximately $12.1 billion ($4.6 billion for FPL), of which approximately $11.1 billion ($4.6 billion for FPL)

relate to revolving line of credit facilities and $1.0 billion (none for FPL) relate to letter of credit facilities. Certain of the revolving line of credit facilities provide for the issuance of letters of credit which at December 31, 2021 had available capacity of approximately $1.9 billion ($647 million for FPL). The issuance of letters of credit under certain revolving line of credit facilities is subject to the aggregate commitment of the relevant banks to issue letters of credit under the applicable facility.

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

In August 2019, NEECH completed a remarketing of $1.5 billion aggregate principal amount of its Series I Debentures due September 1, 2021 (Series I Debentures) that were issued in August 2016 as components of equity units issued concurrently by NEE (August 2016 equity units). The Series I Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Series I Debentures, the interest rate on the Series I Debentures was reset to 2.403% per year, and interest is payable on March 1 and September 1 of each year, commencing September 1, 2019. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the August 2016 equity units, in the third quarter of 2019, NEE issued approximately 9.5 million shares of common stock (38.2 million shares after giving effect to the four-for-one stock split of NEE common stock effective October 26, 2020 (2020 stock split) in exchange for $1.5 billion.

As a result of the 2020 stock split (and adjustments related to the dividend rate), the fixed settlement rates of NEE's three outstanding series of Corporate Units have been adjusted as described below. In addition, the Corporate Units provide that the applicable market value (as described below) for each series of Corporate Units will also be adjusted (when determined) to give effect to the 2020 stock split and certain other anti-dilution adjustments to determine the applicable settlement rate. However, for purposes of the presentation below, corresponding adjustments were instead made to the reference prices and the threshold appreciation prices for each series of Corporate Units to present the practical effect of the antidilution adjustments as of December 31, 2021.

In September 2019, NEE sold $1.5 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series J Debenture due September 1, 2024, issued in the principal amount of $1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than September 1, 2022 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range described in the following sentence. If purchased on the final settlement date, as of December 31, 2021, the number of shares issued per equity unit would (subject to antidilution adjustments) range from 0.8973 shares if the applicable market value of a share of NEE common stock is less than or equal to $55.72 (the adjusted reference price) to 0.7181 shares if the applicable market value of a share is equal to or greater than $69.66 (the adjusted threshold appreciation price), with the applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 29, 2022. Total annual distributions on the equity units are at the rate of 4.872%, consisting of interest on the debentures (2.10% per year) and payments under the stock purchase contracts (2.772% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2022. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In February 2020, NEE sold $2.5 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series K Debenture due March 1, 2025, issued in the principal amount of $1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than March 1, 2023 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range described in the following sentence. If purchased on the final settlement date, as of December 31, 2021, the number of shares issued per equity unit would (subject to antidilution adjustments) range from 0.7104 shares if the applicable market value of a share of NEE common stock is less than or equal to $70.39 (the adjusted reference price) to 0.5681 shares if the applicable market value of a share is equal to or greater than $87.99 (the adjusted threshold appreciation price), with the applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending February 24, 2023. Total annual distributions on the equity units are at the rate of 5.279%, consisting of interest on the debentures (1.84% per year) and payments under the stock purchase contracts (3.439% per year). The interest rate on the debentures is expected to be reset on or after September 1, 2022. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third

business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In September 2020, NEE sold $2.0 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series L Debenture due September 1, 2025, issued in the principal amount of $1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than September 1, 2023 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range described in the following sentence. If purchased on the final settlement date, as of December 31, 2021, the number of shares issued per equity unit would (subject to antidilution adjustments) range from 0.6776 shares if the applicable market value of a share of NEE common stock is less than or equal to $73.79 (the adjusted reference price) to 0.5421 shares if the applicable market value of a share is equal to or greater than $92.24 (the adjusted threshold appreciation price), with the applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 29, 2023. Total annual distributions on the equity units are at the rate of 6.219%, consisting of interest on the debentures (0.509% per year) and payments under the stock purchase contracts (5.710% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2023. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

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

In January 2022, FPL sold $1.5 billion principal amount of its First Mortgage Bonds, 2.45% Series due February 3, 2032 and sold $1.0 billion principal amount of its Floating Rate Notes, Series due January 12, 2024.

14. Equity

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

	Years Ended December 31,		
	2021	2020	2019
	(millions, except per share amounts)		
Numerator – net income attributable to NEE	**$ 3,573**	$ 2,919	$ 3,769
Denominator:			
Weighted-average number of common shares outstanding – basic	**1,962.5**	1,959.0	1,927.9
Equity units, stock options, performance share awards and restricted stock[(a)]	**9.7**	9.8	14.0
Weighted-average number of common shares outstanding – assuming dilution	**1,972.2**	1,968.8	1,941.9
Earnings per share attributable to NEE:			
Basic	**$ 1.82**	$ 1.49	$ 1.95
Assuming dilution	**$ 1.81**	$ 1.48	$ 1.94

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

Common shares issuable pursuant to equity units, stock options and/or performance share awards, as well as restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 30.5 million, 27.1 million and 3.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On September 14, 2020, NEE's board of directors approved a four-for-one split of NEE common stock effective October 26, 2020. NEE's authorized common stock increased from 800 million to 3.2 billion shares. All share and share-based data included in NEE's consolidated financial statements reflect the effect of the 2020 stock split.

Potentially Dilutive Securities at NEP – NEP senior unsecured convertible notes, when outstanding, are potentially dilutive securities to NEE. In June 2021 and December 2020, NEP issued $500 million and $600 million, respectively, principal amount of new senior unsecured convertible notes. Holders of these notes may convert all or a portion of the notes in accordance with the related indenture. Upon conversion, NEP will pay cash up to the principal amount of the notes to be converted and pay or deliver, as the case may be, cash, NEP common units or a combination of cash and common units, at NEP's election, in respect of the remainder, if any, of NEP's conversion obligation in excess of the principal amount of the notes being converted.

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

Stock-Based Compensation – Net income for the years ended December 31, 2021, 2020 and 2019 includes approximately $119 million, $107 million and $100 million, respectively, of compensation costs and $19 million, $21 million and $17 million, respectively, of income tax benefits related to stock-based compensation arrangements. Compensation cost capitalized for the years ended December 31, 2021, 2020 and 2019 was not material. At December 31, 2021, there were approximately $148 million of unrecognized compensation costs related to nonvested/nonexercisable stock-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 2.8 years.

At December 31, 2021, approximately 84 million shares of common stock were authorized for awards to officers, employees and non-employee directors of NEE and its subsidiaries under NEE's: (a) 2021 Long Term Incentive Plan, (b) 2017 Non-Employee Directors Stock Plan and (c) earlier equity compensation plans under which shares are reserved for issuance under existing grants, but no additional shares are available for grant under the earlier plans. NEE satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. NEE satisfies stock option exercises by issuing new shares of its common stock. NEE generally grants most of its stock-based compensation awards in the first quarter of each year.

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

The activity in restricted stock and performance share awards for the year ended December 31, 2021 was as follows:

	Shares/Units	Weighted-Average Grant Date Fair Value Per Share/Units
Restricted Stock:		
Nonvested balance, January 1, 2021	1,674,242	$ 50.26
Granted	1,013,039	$ 82.69
Vested	(835,919)	$ 48.06
Forfeited	(33,630)	$ 69.63
Nonvested balance, December 31, 2021	1,817,732	$ 68.09
Performance Share Awards:		
Nonvested balance, January 1, 2021	1,938,608	$ 47.46
Granted	1,297,680	$ 54.82
Vested	(1,738,904)	$ 37.53
Forfeited	(85,235)	$ 64.84
Nonvested balance, December 31, 2021	1,412,149	$ 61.22

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2020 and 2019 was $68.25 and $46.64 respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2020 and 2019 was $46.09 and $34.75, respectively.

The total fair value of restricted stock and performance share awards vested was $186 million, $177 million and $125 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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

	2021	2020	2019
Expected volatility[(a)]	17.32 – 17.75%	14.63 – 16.31%	14.20 – 14.31%
Expected dividends	2.30 – 2.44%	2.50 – 2.72%	2.85 – 2.93%
Expected term (years)[(b)]	7.0	7.0	7.0
Risk-free rate	0.80 – 1.27%	0.49 – 1.52%	2.24 – 2.54%

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

Option activity for the year ended December 31, 2021 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2021	9,618,204	$ 38.32		
Granted	1,220,265	$ 83.33		
Exercised	(738,516)	$ 20.08		
Forfeited	(86,641)	$ 71.19		
Balance, December 31, 2021	10,013,312	$ 44.87	6.0	$ 486
Exercisable, December 31, 2021	7,235,572	$ 35.35	5.0	$ 420

The weighted-average grant date fair value of options granted was $9.82, $7.08 and $5.01 per share for the years ended December 31, 2021, 2020 and 2019, respectively. The total intrinsic value of stock options exercised was approximately $49 million, $71 million and $81 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Cash received from option exercises was approximately $15 million, $30 million and $34 million for the years ended December 31, 2021, 2020 and 2019, respectively. The tax benefits realized from options exercised were approximately $11 million, $17 million and $19 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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

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

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investees	Total
			(millions)			
Balances, December 31, 2018	$ (55)	$ (7)	$ (65)	$ (63)	$ 2	$ (188)
Other comprehensive income (loss) before reclassifications	—	20	(46)	22	1	(3)
Amounts reclassified from AOCI	29 [a]	(2) [b]	(3) [c]	—	—	24
Net other comprehensive income (loss)	29	18	(49)	22	1	21
Less other comprehensive income attributable to noncontrolling interests	—	—	—	1	—	1
Acquisition of Gulf Power (see Note 6)	(1)	—	—	—	—	(1)
Balances, December 31, 2019	(27)	11	(114)	(42)	3	(169)
Other comprehensive income before reclassifications	—	12	37	13	1	63
Amounts reclassified from AOCI	12 [a]	(3) [b]	2 [c]	—	—	11
Net other comprehensive income	12	9	39	13	1	74
Less other comprehensive income attributable to noncontrolling interests	—	—	—	7	—	7
Impact of disposal of a business	23 [d]	—	—	(13) [d]	—	10
Balances, December 31, 2020	8	20	(75)	(49)	4	(92)
Other comprehensive income (loss) before reclassifications	—	(11)	95	(1)	1	84
Amounts reclassified from AOCI	6 [a]	(4) [b]	5 [c]	—	—	7
Net other comprehensive income (loss)	6	(15)	100	(1)	1	91
Less other comprehensive loss attributable to noncontrolling interests	—	—	—	(1)	—	(1)
Balances, December 31, 2021	$ 14	$ 5	$ 25	$ (49)	$ 5	$ —
Attributable to noncontrolling interests	$ —	$ —	$ —	$ 6	$ —	$ 6

(a) Reclassified to interest expense in NEE's consolidated statements of income. See Note 3 – Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of investments and other property – net in NEE's consolidated statements of income.
(c) Reclassified to other net periodic benefit income in NEE's consolidated statements of income.
(d) Reclassified to gains on disposal of businesses/assets – net and interest expense in NEE's consolidated statements of income. See Note 3 – Income Statement Impact of Derivative Instruments and Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

15. Commitments and Contingencies

Commitments – NEE and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL include, among other things, the cost for construction of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects, the procurement of nuclear fuel and the cost to maintain existing rate-regulated transmission facilities, as well as equity contributions to a joint venture for the development and construction of a rate-regulated transmission facility. Also see Note 4 – Contingent Consideration.

At December 31, 2021, estimated capital expenditures for 2022 through 2026 were as follows:

	2022	2023	2024	2025	2026	Total
			(millions)			
FPL:						
Generation:[a]						
New[b]	$ 1,825	$ 1,670	$ 1,635	$ 1,210	$ 995	$ 7,335
Existing	1,605	1,465	1,220	685	750	5,725
Transmission and distribution[c]	4,035	3,760	3,870	4,760	5,075	21,500
Nuclear fuel	155	110	145	145	120	675
General and other	875	625	715	740	665	3,620
Total	$ 8,495	$ 7,630	$ 7,585	$ 7,540	$ 7,605	$ 38,855
NEER:[d]						
Wind[e]	$ 2,630	$ 240	$ 50	$ 35	$ 30	$ 2,985
Solar[f]	3,445	1,010	170	25	10	4,660
Battery storage	270	120	—	—	5	395
Nuclear, including nuclear fuel	200	150	200	210	210	970
Rate-regulated transmission	220	85	55	30	30	420
Other	440	85	95	60	70	750
Total	$ 7,205	$ 1,690	$ 570	$ 360	$ 355	$ 10,180

(a) Includes AFUDC of approximately $75 million, $85 million, $60 million, $50 million and $40 million for 2022 through 2026, respectively.
(b) Includes land, generation structures, transmission interconnection and integration and licensing.
(c) Includes AFUDC of approximately $50 million, $45 million, $40 million, $15 million and $0 million for 2022 through 2026, respectively.
(d) Represents capital expenditures for which applicable internal approvals and also, if required, regulatory approvals have been received.
(e) Consists of capital expenditures for new wind projects, repowering of existing wind projects and related transmission totaling approximately 2,852 MW.
(f) Includes capital expenditures for new solar projects (including solar plus battery storage projects) and related transmission totaling approximately 5,946 MW.

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

In addition to guarantees noted in Note 8 with regards to NEP, NEECH has guaranteed or provided indemnifications or letters of credit related to third parties, including certain obligations of investments in joint ventures accounted for under the equity method, totaling approximately $484 million at December 31, 2021. These obligations primarily related to guaranteeing the residual value of certain financing leases. Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded at fair value and are included in noncurrent other liabilities on NEE's consolidated balance sheets. Management believes that the exposure associated with these guarantees is not material.

Contracts – In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has firm commitments under long-term contracts primarily for the transportation of natural gas with expiration dates through 2042.

At December 31, 2021, NEER has entered into contracts with expiration dates through 2033 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium, and the conversion, enrichment and fabrication of nuclear fuel, and has made commitments for the construction of a rate-regulated transmission facility. Approximately $4.3 billion of related commitments are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the transportation and storage of natural gas with expiration dates through 2040.

The required capacity and/or minimum payments under contracts, including those discussed above at December 31, 2021, were estimated as follows:

	2022	2023	2024	2025	2026	Thereafter
			(millions)			
FPL[a]	$ 1,025	$ 980	$ 955	$ 900	$ 825	$ 8,570
NEER[b][c][d]	$ 4,400	$ 365	$ 185	$ 85	$ 65	$ 570

(a) Includes approximately $415 million, $410 million, $410 million, $405 million, $400 million and $5,960 million in 2022 through 2026 and thereafter, respectively, of firm commitments related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection, LLC. The charges associated with these agreements are recoverable through the fuel clause and totaled approximately $419 million, $386 million and $316 million for the years ended December 31, 2021, 2020 and 2019, respectively, of which $105 million, $108 million and $108 million, respectively, were eliminated in consolidation at NEE.

(b) Excludes commitments related to equity contributions and a 20-year natural gas transportation agreement (approximately $70 million per year) with a joint venture, in which NEER has a 31.9% equity investment, that is constructing a natural gas pipeline. These commitments are subject to the completion of construction of the pipeline which has a very low probability of completion. See Note 4 – Nonrecurring Fair Value Measurements.

(c) Includes approximately $370 million of commitments to invest in technology and other investments through 2031. See Note 9 – Other.

(d) Includes approximately $610 million, $20 million, $5 million, $5 million, $0 million and $5 million for 2022 through 2026 and thereafter, respectively, of joint obligations of NEECH and NEER.

Insurance – Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains $450 million of private liability insurance per site, which is the maximum obtainable, except at Duane Arnold which obtained an exemption from the NRC and maintains a $100 million private liability insurance limit. Each site, except Duane Arnold, participates in a secondary financial protection system, which provides up to $13.1 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to $963 million ($550 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed $143 million ($82 million for FPL) per incident per year. NextEra Energy Resources and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook and St. Lucie Unit No. 2, which approximates $16 million and $20 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of $1.5 billion for non-nuclear perils, except for Duane Arnold which has a limit of $50 million for property damage, decontamination risks and non-nuclear perils. NEE participates in co-insurance of 10% of the first $400 million of losses per site per occurrence, except at Duane Arnold. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to $163 million ($104 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NextEra Energy Resources and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $2 million and $4 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NEE does not have property insurance coverage for a substantial portion of either its transmission and distribution property or natural gas pipeline assets. If FPL's future storm restoration costs exceed the storm and property insurance reserve, such storm restoration costs may be recovered, subject to prudence review by the FPSC, through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers in the case of FPL, would be borne by NEE and FPL and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

16. Segment Information

The tables below present information for NEE's and FPL's reportable segments. NEE's segments include its reportable segments, the FPL segment, a rate-regulated utility business, and NEER, which is comprised of competitive energy and rate-regulated transmission businesses, as well as an operating segment of NEE, Gulf Power, a rate-regulated utility business. FPL's reportable segments include the FPL segment and Gulf Power. See Note 6 – Merger of FPL and Gulf Power Company. Corporate and Other for each of NEE and FPL represents other business activities, such as purchase accounting adjustments for Gulf Power Company, includes eliminating entries, and may include the net effect of rounding. See Note 2 for information regarding NEE's and FPL's operating revenues.

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NEE's segment information is as follows:

	2021				
	FPL Segment	Gulf Power	NEER[a]	Corp. and Other	NEE Consolidated
			(millions)		
Operating revenues	$ 12,600	$ 1,503	$ 3,053	$ (87)	$ 17,069
Operating expenses – net	$ 8,418	$ 1,170	$ 4,434	$ 211	$ 14,233
Gains (losses) on disposal of businesses/assets – net	$ 1	$ —	$ 78	$ (2)	$ 77
Interest expense	$ 588	$ 28	$ 367	$ 287	$ 1,270
Depreciation and amortization	$ 1,968	$ 297	$ 1,576	$ 83	$ 3,924
Equity in earnings of equity method investees	$ —	$ —	$ 666	$ —	$ 666
Income tax expense (benefit)[b]	$ 767	$ 71	$ (395)	$ (95)	$ 348
Net income (loss)	$ 2,935	$ 271	$ (147)	$ (232)	$ 2,827
Net income (loss) attributable to NEE	$ 2,935	$ 271	$ 599	$ (232)	$ 3,573
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 6,785	$ 782	$ 8,363	$ 147	$ 16,077
Property, plant and equipment – net	$ 52,728	$ 5,499	$ 40,900	$ 221	$ 99,348
Total assets	$ 68,197	$ 7,209	$ 62,113	$ 3,393	$ 140,912
Investment in equity method investees	$ —	$ —	$ 6,150	$ 9	$ 6,159

	2020				
	FPL Segment	Gulf Power	NEER[a]	Corp. and Other	NEE Consolidated
			(millions)		
Operating revenues	$ 11,662	$ 1,398	$ 5,046	$ (109)	$ 17,997
Operating expenses – net	$ 7,862	$ 1,081	$ 4,125	$ 166	$ 13,234
Gains (losses) on disposal of businesses/assets – net	$ —	$ —	$ 363	$ (10)	$ 353
Interest expense	$ 600	$ 41	$ 659	$ 650	$ 1,950
Depreciation and amortization	$ 2,246	$ 281	$ 1,460	$ 65	$ 4,052
Equity in losses of equity method investees	$ —	$ —	$ (1,351)	$ —	$ (1,351)
Income tax expense (benefit)[b]	$ 610	$ 67	$ (416)	$ (217)	$ 44
Net income (loss)	$ 2,650	$ 238	$ (19)	$ (500)	$ 2,369
Net income (loss) attributable to NEE	$ 2,650	$ 238	$ 531	$ (500)	$ 2,919
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 6,680	$ 1,012	$ 6,893	$ 25	$ 14,610
Property, plant and equipment – net	$ 48,933	$ 4,946	$ 37,842	$ 82	$ 91,803
Total assets	$ 61,610	$ 6,725	$ 55,633	$ 3,716	$ 127,684
Investment in equity method investees	$ —	$ —	$ 5,713	$ 15	$ 5,728

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Residual NEECH corporate interest expense is included in Corporate and Other.

(b) NEER includes PTCs that were recognized based on its tax sharing agreement with NEE. See Note 1 – Income Taxes.

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	2019				
	FPL Segment	Gulf Power	NEER[a]	Corp. and Other	NEE Consolidated
			(millions)		
Operating revenues	$ 12,192	$ 1,487	$ 5,639	$ (114)	$ 19,204
Operating expenses – net	$ 8,895	$ 1,216	$ 4,037	$ 109	$ 14,257
Gains (losses) on disposal of businesses/assets – net	$ 5	$ —	$ 402	$ (1)	$ 406
Interest expense	$ 594	$ 55	$ 873	$ 727	$ 2,249
Depreciation and amortization	$ 2,524	$ 247	$ 1,387	$ 58	$ 4,216
Equity in earnings (losses) of equity method investees	$ —	$ —	$ 67	$ (1)	$ 66
Income tax expense (benefit)[b]	$ 441	$ 42	$ 162	$ (197)	$ 448
Net income (loss)	$ 2,334	$ 180	$ 1,426	$ (552)	$ 3,388
Net income (loss) attributable to NEE	$ 2,334	$ 180	$ 1,807	$ (552)	$ 3,769
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 5,755	$ 729	$ 6,505	$ 4,473	$ 17,462
Property, plant and equipment – net	$ 45,074	$ 4,763	$ 32,042	$ 131	$ 82,010
Total assets	$ 57,188	$ 5,855	$ 51,516	$ 3,132	$ 117,691
Investment in equity method investees	$ —	$ —	$ 7,453	$ —	$ 7,453

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Residual NEECH corporate interest expense is included in Corporate and Other.
(b) NEER includes PTCs that were recognized based on its tax sharing agreement with NEE. See Note 1 – Income Taxes.

FPL's segment information is as follows:

	2021				2020				2019			
	FPL Segment	Gulf Power	Corp. and Other	FPL Consolidated	FPL Segment	Gulf Power	Corp. and Other	FPL Consolidated	FPL Segment	Gulf Power	Corp. and Other	FPL Consolidated
						(millions)						
Operating revenues	$ 12,600	$1,503	$ (1)	$ 14,102	$ 11,662	$1,398	$ —	$ 13,060	$ 12,192	$1,487	$ 1	$ 13,680
Operating expenses – net[a]	$ 8,418	$1,170	$ (2)	$ 9,586	$ 7,862	$1,081	$ (3)	$ 8,940	$ 8,895	$1,216	$ (10)	$ 10,101
Interest expense	$ 588	$ 28	$ (1)	$ 615	$ 600	$ 41	$ —	$ 641	$ 594	$ 55	$ —	$ 649
Depreciation and amortization	$ 1,968	$ 297	$ 1	$ 2,266	$ 2,246	$ 281	$ (1)	$ 2,526	$ 2,524	$ 247	$ —	$ 2,771
Income tax expense	$ 767	$ 71	$ —	$ 838	$ 610	$ 67	$ 1	$ 678	$ 441	$ 42	$ 1	$ 484
Net income	$ 2,935	$ 271	$ —	$ 3,206	$ 2,650	$ 238	$ 2	$ 2,890	$ 2,334	$ 180	$ 5	$ 2,519
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 6,785	$ 782	$ 3	$ 7,570	$ 6,680	$1,012	$ (13)	$ 7,679	$ 5,755	$ 729	$ 1	$ 6,485
Property, plant and equipment – net	$ 52,728	$5,499	$ —	$ 58,227	$ 48,933	$4,946	$ —	$ 53,879	$ 45,074	$4,763	$ —	$ 49,837
Total assets	$ 68,197	$7,209	$ 2,661	$ 78,067	$ 61,610	$6,725	$ 2,666	$ 71,001	$ 57,188	$5,855	$ 2,647	$ 65,690

(a) FPL's income statement line for total operating expenses – net includes gains (losses) on disposal of businesses/assets – net.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2021, each of NEE and FPL had performed an evaluation, under the supervision and with the participation of its management, including NEE's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of each of NEE and FPL concluded that the company's disclosure controls and procedures were effective as of December 31, 2021.

Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

See Item 8. Financial Statements and Supplementary Data.

(b) Attestation Report of the Independent Registered Public Accounting Firm

See Item 8. Financial Statements and Supplementary Data.

(c) Changes in Internal Control Over Financial Reporting

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

Item 9B. Other Information

None

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the headings "Business of the Annual Meeting," "Information About NextEra Energy and Management" and "Corporate Governance and Board Matters" in NEE's Proxy Statement which will be filed with the SEC in connection with the 2022 Annual Meeting of Shareholders (NEE's Proxy Statement) and is incorporated herein by reference, or is included in Item 1. Business – Information About Our Executive Officers.

NEE has adopted the NextEra Energy, Inc. Code of Ethics for Senior Executive and Financial Officers (the Senior Financial Executive Code), which is applicable to the chief executive officer, the chief financial officer, the chief accounting officer and other senior executive and financial officers. The Senior Financial Executive Code is available under Corporate Governance in the Investor Relations section of NEE's internet website at www.nexteraenergy.com. Any amendments or waivers of the Senior Financial Executive Code which are required to be disclosed to shareholders under SEC rules will be disclosed on the NEE website at the address listed above.

Item 11. Executive Compensation

The information required by this item will be included in NEE's Proxy Statement under the headings "Executive Compensation" and "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management will be included in NEE's Proxy Statement under the heading "Information About NextEra Energy and Management" and is incorporated herein by reference.

Securities Authorized For Issuance Under Equity Compensation Plans[a]

NEE's equity compensation plan information at December 31, 2021 is as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	15,231,663 [a]	$ 44.87 [b]	66,846,051 [c]
Equity compensation plans not approved by security holders	—	—	—
Total	15,231,663	$ 44.87	66,846,051

(a) Includes an aggregate of 10,013,312 outstanding options, 3,451,310 unvested performance share awards (at maximum payout), 1,016,262 deferred fully vested performance shares, 344,760 deferred stock awards and 359,843 unvested restricted stock units (including future reinvested dividends) under the NextEra Energy, Inc. 2021 Long Term Incentive Plan and former LTIPs, and 46,176 fully vested shares deferred by directors under the NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan, and its predecessors the FPL Group, Inc. 2007 Non-Employee Directors Stock Plan and the FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan.

(b) Relates to outstanding options only.

(c) Includes 65,008,350 shares under the NextEra Energy, Inc. 2021 Long Term Incentive Plan and 1,837,701 shares under the NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item, to the extent applicable, will be included in NEE's Proxy Statement under the heading "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

NEE – The information required by this item will be included in NEE's Proxy Statement under the heading "Audit-Related Matters" and is incorporated herein by reference.

FPL – The following table presents fees billed for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche) for the fiscal years ended December 31, 2021 and 2020. The amounts presented below reflect allocations from NEE for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2021	2020[a]
Audit fees[b]	$ 3,834,000	$ 3,613,000
Audit-related fees[c]	752,000	1,150,000
Tax fees[d]	404,000	486,000
All other fees[e]	57,000	6,000
Total	$ 5,047,000	$ 5,255,000

(a) Amounts have been retrospectively adjusted to include fees paid by Gulf Power Company.
(b) Audit fees consist of fees billed for professional services rendered for the audit of FPL's and NEE's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL's and NEE's Quarterly Reports on Form 10-Q during the fiscal year and the audit of the effectiveness of internal control over financial reporting, comfort letters, and consents.
(c) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of FPL's and NEE's consolidated financial statements and are not reported under audit fees. These fees primarily relate to audits of subsidiary financial statements and attestation services.
(d) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. These fees primarily relate to research and development tax credit advice and planning services.
(e) All other fees consist of fees for products and services other than the services reported under the other named categories. In 2021 and 2020, these fees relate to training, and in 2021 also relate to advisory services for development of a request for proposal on financial systems implementation services.

In accordance with the requirements of the Sarbanes-Oxley Act of 2002, the Audit Committee Charter and the Audit Committee's pre-approval policy for services provided by the independent registered public accounting firm, all services performed by Deloitte & Touche are approved in advance by the Audit Committee, except for audits of certain trust funds where the fees are paid by the trust. Permitted services specifically identified in an appendix to the pre-approval policy are pre-approved by the Audit Committee each year. This pre-approval allows management to request the specified permitted services on an as-needed basis during the year, provided any such services are reviewed with the Audit Committee at its next regularly scheduled meeting. Any permitted service for which the fee is expected to exceed $500,000, or that involves a service not listed on the pre-approval list, must be specifically approved by the Audit Committee prior to commencement of such service. The Audit Committee has delegated to the Chair of the committee the right to approve audit, audit-related, tax and other services, within certain limitations, between meetings of the Audit Committee, provided any such decision is presented to the Audit Committee at its next regularly scheduled meeting. At each Audit Committee meeting (other than meetings held to review earnings materials), the Audit Committee reviews a schedule of services for which Deloitte & Touche has been engaged since the prior Audit Committee meeting under existing pre-approvals and the estimated fees for those services. In 2021 and 2020, none of the amounts presented above represent services provided to NEE or FPL by Deloitte & Touche that were approved by the Audit Committee after services were rendered pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X (which provides for a waiver of the otherwise applicable pre-approval requirement if certain conditions are met).

PART IV

Item 15. Exhibits and Financial Statement Schedules

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2. Financial Statement Schedules – Schedules are omitted as not applicable or not required.

3. Exhibits (including those incorporated by reference)

Certain exhibits listed below refer to "FPL Group" and "FPL Group Capital," and were effective prior to the change of the name FPL Group, Inc. to NextEra Energy, Inc., and of the name FPL Group Capital Inc to NextEra Energy Capital Holdings, Inc., during 2010.

Exhibit Number	Description	NEE	FPL
*2(a)	Agreement and Plan of Merger, dated as of December 18, 2020, between Gulf Power Company and Florida Power & Light Company (filed as Exhibit 2 to Form 8-K dated December 18, 2020, File No. 2-27612)		x
*3(i)a	Restated Articles of Incorporation of NextEra Energy, Inc. (filed as Exhibit 3(i) to Form 8-K dated October 26, 2020, File No. 1-8841)	x	
*3(i)b	Restated Articles of Incorporation of Florida Power & Light Company (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 2010, File No. 2-27612)		x
*3(i)c	Articles of Merger of Florida Power & Light Company and Gulf Power Company (filed as Exhibit 3(i)(c) to Form 10-K for the year ended December 31, 2020, File No. 2-27612)		x
*3(ii)a	Amended and Restated Bylaws of NextEra Energy, Inc., effective October 14, 2016 (filed as Exhibit 3(ii)(b) to Form 8-K dated October 14, 2016, File No. 1-8841)	x	
*3(ii)b	Amended and Restated Bylaws of Florida Power & Light Company, as amended through October 17, 2008 (filed as Exhibit 3(ii)b to Form 10-Q for the quarter ended September 30, 2008, File No. 2-27612)		x

Exhibit Number	Description	NEE	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, as amended, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612; Exhibit 4 to Form 8-K dated December 9, 2010, File No. 2-27612; Exhibit 4(a) to Form 8-K dated June 10, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated December 13, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated December 20, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated June 5, 2013, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated September 10, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated November 19, 2015, File No. 2-27612; Exhibit 4(b) to Form 10-K for the year ended December 31, 2017, File No. 2-27612; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 2018, File No. 2-27612; Exhibit 4(j), File Nos. 333-226056, 333-226056-01 and 333-226056-02; Exhibit 4(k), File Nos. 333-226056, 333-226056-01 and 333-226056-02; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 2019, File No. 2-27612; Exhibit 4(f) to Form 10-Q for the quarter ended September 30, 2019, File No. 2-27612; Exhibit 4(e) to Form 10-Q for the quarter ended March 31, 2020, File No. 2-27612; and Exhibit 4(b) to Form 10-K for the year ended December 31, 2020, File No. 2-27612)	x	x
4(b)	One Hundred Thirty-Third Supplemental Indenture dated as of November 1, 2021 between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee	x	x
4(c)	One Hundred Thirty-Fourth Supplemental Indenture dated as of January 1, 2022 between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee	x	x
*4(d)	Indenture (For Unsecured Debt Securities), dated as of November 1, 2017, between Florida Power & Light Company and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated November 6, 2017, File No. 2-27612)	x	x
*4(e)	Officer's Certificate of Florida Power & Light Company, dated June 15, 2018, creating the Floating Rate Notes, Series due June 15, 2068 (filed as Exhibit 4 to Form 8-K dated June 15, 2018, File No. 2-27612)	x	x

Exhibit Number	Description	NEE	FPL
*4(f)	Officer's Certificate of Florida Power & Light Company, dated November 14, 2018, creating the Floating Rate Notes, Series due November 14, 2068 (filed as Exhibit 4 to Form 8-K dated November 14, 2018, File No. 2-27612)	x	x
*4(g)	Officer's Certificate of Florida Power & Light Company, dated March 27, 2019, creating the Floating Rate Notes, Series due March 27, 2069 (filed as Exhibit 4(b) to Form 8-K dated March 27, 2019, File No. 2-27612)	x	x
*4(h)	Officer's Certificate of Florida Power & Light Company, dated March 13, 2020, creating the Floating Rate Notes, Series due March 13, 2070 (filed as Exhibit 4 to Form 8-K dated March 13, 2020, File No. 2-27612)	x	x
*4(i)	Officer's Certificate of Florida Power & Light Company, dated August 24, 2020, creating the Floating Rate Notes, Series due August 24, 2070 (filed as Exhibit 4 to Form 8-K dated August 24, 2020, File No. 2-27612)	x	x
*4(j)	Officer's Certificate of Florida Power & Light Company, dated March 1, 2021, creating the Floating Rate Notes, Series due March 1, 2071 (filed as Exhibit 4 to Form 8-K dated March 1, 2021, File No. 2-27612)	x	x
*4(k)	Officer's Certificate of Florida Power & Light Company, dated May 10, 2021, creating the Floating Rate Notes, Series due May 10, 2023 (filed as Exhibit 4 to Form 8-K dated May 10, 2021, File No. 2-27612)	x	x
4(l)	Officer's Certificate of Florida Power & Light Company, dated January 14, 2022, creating the Floating Rate Notes, Series due January 12, 2024	x	x
*4(m)	Indenture (For Unsecured Debt Securities), dated as of June 1, 1999, between FPL Group Capital Inc and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(n)	First Supplemental Indenture to Indenture (For Unsecured Debt Securities) dated as of June 1, 1999, dated as of September 21, 2012, between NextEra Energy Capital Holdings, Inc. and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2012, File No. 1-8841)	x	
*4(o)	Guarantee Agreement, dated as of June 1, 1999, between FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) (filed as Exhibit 4(b) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(p)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated April 28, 2017, creating the 3.55% Debentures, Series due May 1, 2027 (filed as Exhibit 4 to Form 8-K dated April 28, 2017, File No. 1-8841)	x	
*4(q)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 27, 2019, creating the Floating Rate Debentures, Series due February 25, 2022 (filed as Exhibit 4(a) to Form 8-K dated February 27, 2019, File No. 1-8841)	x	
*4(r)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated April 4, 2019, creating the 3.50% Debentures, Series due April 1, 2029 (filed as Exhibit 4(d) to Form 8-K dated April 4, 2019, File No. 1-8841)	x	
*4(s)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 9, 2019, creating the Series J Debentures due September 1, 2024 (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2019, File No. 1-8841)	x	
*4(t)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated October 3, 2019, creating the 2.75% Debentures, Series due November 1, 2029 (filed as Exhibit 4 to Form 8-K dated October 3, 2019, File No. 1-8841)	x	
*4(u)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 21, 2020, creating the Series K Debentures due March 1, 2025 (filed as Exhibit 4(c) to Form 10-Q for the quarter ended March 31, 2020, File No. 1-8841)	x	
*4(v)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated May 12, 2020, creating the 2.25% Debentures, Series due June 1, 2030 (filed as Exhibit 4 to Form 8-K dated May 12, 2020, File No. 1-8841)	x	
*4(w)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 18, 2020, creating the Series L Debentures due September 1, 2025 (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2020, File No. 1-8841)	x	
*4(x)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 22, 2021, creating the Floating Rate Debentures, Series due February 22, 2023 (filed as Exhibit 4 to Form 8-K dated February 22, 2021, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(y)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 17, 2021, creating the 0.65% Debentures, Series due March 1, 2023 (filed as Exhibit 4(ak), File Nos. 333-254632, 333-254632-01 and 333-254632-02)	x	
*4(z)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 17, 2021, creating the Floating Rate Debentures, Series due March 1, 2023 (filed as Exhibit 4(al), File Nos. 333-254632, 333-254632-01 and 333-254632-02)	x	
*4(aa)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 8, 2021, creating the 1.90% Debentures, Series due June 15, 2028 (filed as Exhibit 4 to Form 8-K dated June 8, 2021, File No. 1-8841)	x	
*4(bb)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated November 3, 2021, creating the Floating Rate Debentures, Series due November 3, 2023 (filed as Exhibit 4 to Form 8-K dated November 3, 2021, File No. 1-8841)	x	
*4(cc)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 13, 2021, creating the 1.875% Debentures, Series due January 15, 2027 (filed as Exhibit 4(a) to Form 8-K dated December 13, 2021, File No. 1-8841)	x	
*4(dd)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 13, 2021, creating the 2.440% Debentures, Series due January 15, 2032 (filed as Exhibit 4(b) to Form 8-K dated December 13, 2021, File No. 1-8841)	x	
*4(ee)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 13, 2021, creating the 3.000% Debentures, Series due January 15, 2052 (filed as Exhibit 4(c) to Form 8-K dated December 13, 2021, File No. 1-8841)	x	
*4(ff)	Indenture (For Unsecured Subordinated Debt Securities relating to Trust Securities), dated as of March 1, 2004, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(au) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(gg)	Indenture (For Unsecured Subordinated Debt Securities), dated as of September 1, 2006, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(hh)	First Supplemental Indenture to Indenture (For Unsecured Subordinated Debt Securities) dated as of September 1, 2006, dated as of November 19, 2012, between NextEra Energy Capital Holdings, Inc., NextEra Energy, Inc. as Guarantor, and The Bank of New York Mellon, as Trustee (filed as Exhibit 2 to Form 8-A dated January 16, 2013, File No. 1-33028)	x	
*4(ii)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated September 19, 2006, creating the Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(c) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(jj)	Replacement Capital Covenant, dated September 19, 2006, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(kk)	Amendment, dated November 9, 2016, to the Replacement Capital Covenant, dated September 19, 2006, by NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Holdings Inc) and NextEra Energy, Inc. (formerly known as FPL Group, Inc.), relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(cc) to Form 10-K for the year ended December 31, 2016, File No. 1-8841)	x	
*4(ll)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated June 12, 2007, creating the Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(mm)	Replacement Capital Covenant, dated June 12, 2007, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(nn)	Amendment, dated November 9, 2016, to the Replacement Capital Covenant, dated June 12, 2007 by NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Holdings Inc) and NextEra Energy, Inc. (formerly known as FPL Group, Inc.), relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(hh) to Form 10-K for the year ended December 31, 2016, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(oo)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated September 29, 2017, creating the Series L Junior Subordinated Debentures due September 29, 2057 (filed as Exhibit 4(c) to Form 8-K dated September 29, 2017, File No. 1-8841)	x	
*4(pp)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated November 2, 2017, creating the Series M Junior Subordinated Debentures due December 1, 2077 (filed as Exhibit 4(a) to Form 8-K dated November 2, 2017, File No. 1-8841)	x	
*4(qq)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated March 15, 2019, creating the Series N Junior Subordinated Debentures due March 1, 2079 (filed as Exhibit 4 to Form 8-K dated March 15, 2019, File No. 1-8841)	x	
*4(rr)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated April 4, 2019, creating the Series O Junior Subordinated Debentures due May 1, 2079 (filed as Exhibit 4(e) to Form 8-K dated April 4, 2019, File No. 1-8841)	x	
*4(ss)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 14, 2021, creating the Series P Junior Subordinated Debentures due March 15, 2082 (filed as Exhibit 4 to Form 8-K dated December 14, 2021, File No. 1-8841)	x	
*4(tt)	Purchase Contract Agreement, dated as of September 1, 2019, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 2019, File No. 1-8841)	x	
*4(uu)	Pledge Agreement, dated as of September 1, 2019, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(d) to Form 10-Q for the quarter ended September 30, 2019, File No. 1-8841)	x	
*4(vv)	Purchase Contract Agreement, dated as of February 1, 2020, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 2020, File No. 1-8841)	x	
*4(ww)	Pledge Agreement, dated as of February 1, 2020, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2020, File No. 1-8841)	x	
*4(xx)	Purchase Contract Agreement, dated as of September 1, 2020, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 2020, File No. 1-8841)	x	
*4(yy)	Pledge Agreement, dated as of September 1, 2020, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(d) to Form 10-Q for the quarter ended September 30, 2020, File No. 1-8841)	x	
*4(zz)	Senior Note Indenture dated as of January 1, 1998, between Florida Power & Light Company (as successor to Gulf Power Company) and Computershare Trust Company, N.A., as Successor Trustee, and certain indentures supplemental thereto (filed as Exhibit 4.1 to Form 8-K dated June 17, 1998, File No. 0-2429; Exhibit 4.2 to Form 8-K dated September 9, 2010, File No. 1-31737; Exhibit 4.2 to Form 8-K dated May 15, 2012, File No. 1-31737; Exhibit 4.2 to Form 8-K dated June 10, 2013, File No. 1-31737; Exhibit 4.2 to Form 8-K dated September 16, 2014, File No. 1-31737; Exhibit 4.2 to Form 8-K dated May 15, 2017, File No. 1-31737; and Exhibit 4(ddd) to Form 10-K for the year ended December 31, 2020, File No. 2-27612)	x	x
4(aaa)	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	x	
*10(a)	FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (SERP) (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x
*10(b)	FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005 (Restated SERP) (filed as Exhibit 10(b) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(c)	Amendment Number 1 to the Restated SERP changing name to NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	x
*10(d)	Appendix A1 (revised as of March 16, 2016) to the NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(d) to Form 10-K dated December 31, 2017, File No. 1-8841)	x	x
*10(e)	Appendix A2 (revised as of October 1, 2017) to the NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(e) to Form 10-K dated December 31, 2017, File No. 1-8841)	x	x
*10(f)	Supplement to the Restated SERP relating to a special credit to certain executive officers and other officers effective February 15, 2008 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)	x	x
*10(g)	NextEra Energy, Inc. (formerly known as FPL Group, Inc.) Amended and Restated Long-Term Incentive Plan, most recently amended and restated on May 22, 2009 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)	x	x
*10(h)	NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(i)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)	x	x
*10(j)	Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)	x	x
*10(k)	Form of Restricted Stock Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(a) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(l)	Form of Restricted Stock Unit Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(m)	Form of Restricted Stock Unit Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(n)	Form of Restricted Stock Unit Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(o)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(f) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(p)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(g) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(q)	Form of Non-Qualified Stock Option agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)	x	x
*10(r)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(e) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(s)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(f) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(t)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(g) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(u)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(h) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(v)	NextEra Energy, Inc. 2021 Long Term Incentive Plan (filed as Exhibit 10 to Form 8-K dated May 20, 2021, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(w)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. 2021 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(x)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. 2021 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(y)	Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. 2021 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(z)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Amended and Restated Deferred Stock Award Agreement effective February 12, 2010 between FPL Group, Inc. and James L. Robo (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(aa)	Form of Deferred Stock Award Agreement under NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(a) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(bb)	NextEra Energy, Inc. 2013 Executive Annual Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated October 11, 2012, File No. 1-8841)	x	x
*10(cc)	NextEra Energy, Inc. Deferred Compensation Plan effective January 1, 2005 as amended and restated through February 11, 2016 (filed as Exhibit 10(h) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(dd)	FPL Group, Inc. Deferred Compensation Plan, amended and restated effective January 1, 2003 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 2002, File No. 1-8841)	x	x
*10(ee)	FPL Group, Inc. Executive Long-Term Disability Plan effective January 1, 1995 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	x
*10(ff)	FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841)	x	
*10(gg)	FPL Group, Inc. 2007 Non-Employee Directors Stock Plan (filed as Exhibit 99 to Form S-8, File No. 333-143739)	x	
*10(hh)	NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan, as amended and restated as of May 18, 2017 (filed as Exhibit 10 to Form 10-Q for the quarter ended June 30, 2017, File No. 1-8841)	x	
*10(ii)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2021 (filed as Exhibit 10(bb) to Form 10-K for the year ended December 31, 2020, File No. 1-8841)	x	
10(jj)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2022	x	
*10(kk)	Form of Amended and Restated Executive Retention Employment Agreement effective December 10, 2009 between FPL Group, Inc. and each of James L. Robo and Charles E. Sieving (filed as Exhibit 10(nn) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(ll)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Eric E. Silagy dated as of May 2, 2012 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2012, File No. 1-8841)	x	x
*10(mm)	Form of 2012 409A Amendment to NextEra Energy, Inc. Executive Retention Employment Agreement effective October 11, 2012 between NextEra Energy, Inc. and each of James L. Robo, Eric E. Silagy and Charles E. Sieving (filed as Exhibit 10(ddd) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(nn)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Deborah H. Caplan dated as of April 23, 2013 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)	x	x
*10(oo)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Miguel Arechabala dated as of January 1, 2014 (filed as Exhibit 10(bbb) to Form 10-K for the year ended December 31, 2013, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(pp)	Executive Retention Employment Agreement between NextEra Energy, Inc. and John W. Ketchum dated as of March 4, 2016 (filed as Exhibit 10(i) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(qq)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Rebecca J. Kujawa dated as of March 1, 2019 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2019, File No. 1-8841)	x	x
*10(rr)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Ronald Reagan dated as of January 1, 2020 (filed as Exhibit 10(tt) to Form 10-K for the year ended December 31, 2019, File No. 1-8841)	x	x
*10(ss)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Robert P. Coffey dated as of June 14, 2021 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(tt)	NextEra Energy, Inc. Executive Severance Benefit Plan effective February 26, 2013 (filed as Exhibit 10(eee) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(uu)	Guarantee Agreement between FPL Group, Inc. and FPL Group Capital Inc, dated as of October 14, 1998 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	
*10(vv)	NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.8 to Form 8-K dated July 1, 2014, File No. 1-36518)	x	
*10(ww)	Form of Restricted Unit Award Agreement under the NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2017, File No. 1-36518)	x	
21	Subsidiaries of NextEra Energy, Inc.	x	
22	Guaranteed Securities	x	
23	Consent of Independent Registered Public Accounting Firm	x	x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		x
32(a)	Section 1350 Certification of NextEra Energy, Inc.	x	
32(b)	Section 1350 Certification of Florida Power & Light Company		x
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	x	x
101.SCH	Inline XBRL Schema Document	x	x
101.PRE	Inline XBRL Presentation Linkbase Document	x	x
101.CAL	Inline XBRL Calculation Linkbase Document	x	x
101.LAB	Inline XBRL Label Linkbase Document	x	x
101.DEF	Inline XBRL Definition Linkbase Document	x	x
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	x	x

* Incorporated herein by reference

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

Item 16. Form 10-K Summary

Not applicable

NEXTERA ENERGY, INC. SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

NextEra Energy, Inc.

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
and Director
(Principal Executive Officer)

Date: February 17, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 17, 2022:

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer
(Principal Financial Officer)

JAMES M. MAY

James M. May
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Directors:

SHERRY S. BARRAT

Sherry S. Barrat

DAVID L. PORGES

David L. Porges

JAMES L. CAMAREN

James L. Camaren

RUDY E. SCHUPP

Rudy E. Schupp

KENNETH B. DUNN

Kenneth B. Dunn

JOHN L. SKOLDS

John L. Skolds

NAREN K. GURSAHANEY

Naren K. Gursahaney

LYNN M. UTTER

Lynn M. Utter

KIRK S. HACHIGIAN

Kirk S. Hachigian

DARRYL L. WILSON

Darryl L. Wilson

AMY B. LANE

Amy B. Lane

FLORIDA POWER & LIGHT COMPANY SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

Florida Power & Light Company

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 17, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 17, 2022:

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer and Director
(Principal Financial Officer)

KEITH FERGUSON

Keith Ferguson
Controller
(Principal Accounting Officer)

Director:

JAMES L. ROBO

James L. Robo

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934 by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Securities Exchange Act of 1934

No annual report, proxy statement, form of proxy or other proxy soliciting material has been sent to security holders of FPL during the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Exhibit 21

SUBSIDIARIES OF NEXTERA ENERGY, INC.

NextEra Energy, Inc.'s principal subsidiaries as of December 31, 2021 are listed below.

	Subsidiary	State or Jurisdiction of Incorporation or Organization
1.	Florida Power & Light Company (100%-owned)	Florida
2.	NextEra Energy Capital Holdings, Inc. (100%-owned)	Florida
3.	NextEra Energy Resources, LLC[(a)(b)]	Delaware
4.	Palms Insurance Company, Limited[(b)]	Cayman Islands
5.	Palms SC Insurance Company, LLC[(b)]	South Carolina

(a) Includes 1,495 subsidiaries that operate in the United States and 152 subsidiaries that operate in foreign countries in the same line of business as NextEra Energy Resources, LLC.
(b) 100%-owned subsidiary of NextEra Energy Capital Holdings, Inc.

Exhibit 22

GUARANTEED SECURITIES

Pursuant to Item 601(b)(22) of Regulation S-K, set forth below are securities issued by NextEra Energy Capital Holdings, Inc. (Issuer) and guaranteed by NextEra Energy, Inc. (Guarantor).

Issued under the Indenture (For Unsecured Debt Securities), dated as of June 1, 1999
3.55% Debentures, Series due May 1, 2027
Floating Rate Debentures, Series due February 25, 2022
3.50% Debentures, Series due April 1, 2029
Series J Debentures due September 1, 2024
2.75% Debentures, Series due November 1, 2029
Series K Debentures due March 1, 2025
2.25% Debentures, Series due June 1, 2030
Series L Debentures, Series due September 1, 2025
Floating Rate Debentures, Series due February 22, 2023
0.65% Debentures, Series due March 1, 2023
Floating Rate Debentures, Series due March 1, 2023
1.90% Debentures, Series due June 15, 2028
Floating Rate Debentures, Series due November 3, 2023
1.875% Debentures, Series due January 15, 2027
2.44% Debentures, Series due January 15, 2032
3.00% Debentures, Series due January 15, 2052

Issued under the Indenture (For Unsecured Subordinated Debt Securities), dated as of June 1, 2006
Series B Enhanced Junior Subordinated Debentures due 2066
Series C Junior Subordinated Debentures due 2067
Series L Junior Subordinated Debentures due September 29, 2057
Series M Junior Subordinated Debentures due December 1, 2077
Series N Junior Subordinated Debentures due March 1, 2079
Series O Junior Subordinated Debentures due May 1, 2079
Series P Junior Subordinated Debentures due March 15, 2082

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated February 17, 2022, relating to the consolidated financial statements of NextEra Energy, Inc. and subsidiaries (NEE) and Florida Power & Light Company and subsidiaries (FPL) and the effectiveness of NEE's and FPL's internal control over financial reporting appearing in this Annual Report on Form 10-K of NEE and FPL for the year ended December 31, 2021:

NEE		**FPL**	
Form S-8	No. 33-57673	Form S-3	No. 333-254632-01
Form S-8	No. 333-27079		
Form S-8	No. 333-88067		
Form S-8	No. 333-114911		
Form S-8	No. 333-116501		
Form S-8	No. 333-130479		
Form S-8	No. 333-143739		
Form S-8	No. 333-174799		
Form S-8	No. 333-220136		
Form S-8	No. 333-257141		
Form S-3	No. 333-203453		
Form S-3	No. 333-254632		

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 17, 2022

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, James L. Robo, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of NextEra Energy, Inc. (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
of NextEra Energy, Inc.

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Rebecca J. Kujawa, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of NextEra Energy, Inc. (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance and
Chief Financial Officer
of NextEra Energy, Inc.

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, Eric E. Silagy, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Rebecca J. Kujawa, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

Exhibit 32(a)

Section 1350 Certification

We, James L. Robo and Rebecca J. Kujawa, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of NextEra Energy, Inc. (the registrant) for the annual period ended December 31, 2021 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 17, 2022

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
of NextEra Energy, Inc.

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance and
Chief Financial Officer
of NextEra Energy, Inc.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(b)

Section 1350 Certification

We, Eric E. Silagy and Rebecca J. Kujawa, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of Florida Power & Light Company (the registrant) for the annual period ended December 31, 2021 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 17, 2022

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer
of Florida Power & Light Company

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).



NextEra Energy, Inc.
700 Universe Boulevard
Juno Beach, FL 33408

For more information, go to:
NextEraEnergy.com
FPL.com
NextEraEnergyResources.com



112342

INVESTOR INFORMATION

CORPORATE OFFICES
NextEra Energy, Inc.
700 Universe Blvd.
Juno Beach, FL 33408

EXCHANGE LISTING
Common Stock
New York Stock Exchange
Ticker Symbol: NEE

NextEra Energy Capital Holdings, Inc. Series N Junior Subordinated Debentures
New York Stock Exchange
Ticker Symbol: NEE.PRN

NextEra Energy, Inc. Corporate Units
Ticker Symbol: NEE.PRP
Ticker Symbol: NEE.PRO
Ticker Symbol: NEE.PRQ

NEWSPAPER LISTING
Common Stock: NEE

REGISTRAR, TRANSFER AND PAYING AGENTS
NextEra Energy, Inc. Common Stock

NextEra Energy, Inc.
c/o Computershare
P.O. Box 505000
Louisville, KY 40233-5000

Florida Power & Light Company First Mortgage Bonds

Deutsche Bank Trust
Company Americas
5022 Gate Parkway
Suite 200
Jacksonville, FL 32256
800-735-7777

Florida Power & Light Company Senior Notes

Wells Fargo Bank, N.A.
Corporate Trust Operations
MAC N9300-070
600 South Fourth Street
Minneapolis, MN 55402
Attn: Bondholder Communications
800-344-5128

NextEra Energy Capital Holdings, Inc. Debentures

NextEra Energy Capital Holdings, Inc. Junior Subordinated Debentures

NextEra Energy, Inc. Corporate Units

The Bank of New York Mellon
Bondholder Relations
111 Sanders Creek Parkway
East Syracuse, NY 13057
800-254-2826

SHAREHOLDER INQUIRIES
Communications concerning transfer requirements, lost certificates, dividend checks, address changes, stock accounts and the dividend reinvestment and direct stock purchase plan should be directed to Computershare: 888-218-4392 or **www.computershare.com/NEE**.

Other shareholder communications to: Shareholder Services 800-222-4511

ELECTRONIC PROXY MATERIAL
Shareholders may elect to receive proxy materials electronically by accessing **https://enroll.icsdelivery.com/NEE**.

DIRECT DEPOSIT OF DIVIDENDS
Cash dividends may be deposited directly to personal accounts at financial institutions. Call Computershare for authorization forms.

DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN
NextEra Energy offers a plan for the reinvestment of dividends and the purchase of common stock. Enrollment materials may be obtained by calling Computershare or by accessing **www.computershare.com/NEE**.

DIRECT REGISTRATION SERVICES
NextEra Energy common stock can be issued in direct registration (book entry) form.

ONLINE INVESTOR INFORMATION
Visit our investor information site at **Investor.NextEraEnergy.com** to get stock quotes, earnings reports, financial releases, SEC filings and other news. You can also request and receive information via email. Shareholders of record can receive secure online account access through a link to Computershare.

SEC FILINGS
All Securities and Exchange Commission filings appear at **Investor.NextEraEnergy.com**. Copies of SEC filings also are available without charge by writing to NextEra Energy, Shareholder Services.

NEWS AND FINANCIAL INFORMATION
Get the latest news and financial information about NextEra Energy by visiting **NextEraEnergy.com**.

ANALYST INQUIRIES
Investor Relations
561-694-4697

NEWS MEDIA INQUIRIES
Media Relations
561-694-4442

CERTIFIED PUBLIC ACCOUNTANTS
Deloitte & Touche LLP
1800 North Military Trail
Suite 200
Boca Raton, FL 33431-6386

NextEra Energy, Inc. (NYSE: NEE) is a leading clean energy company headquartered in Juno Beach, Florida. NextEra Energy owns Florida Power & Light Company, which is the largest vertically integrated rate-regulated electric utility in the United States as measured by retail electricity produced and sold, and serves more than 5.7 million customer accounts, supporting more than 11 million residents across Florida with clean, reliable and affordable electricity. NextEra Energy also owns a competitive clean energy business, NextEra Energy Resources, LLC, which, together with its affiliated entities, is the world's largest generator of renewable energy from the wind and sun and a world leader in battery storage. Through its subsidiaries, NextEra Energy generates clean, emissions-free electricity from seven commercial nuclear power units in Florida, New Hampshire and Wisconsin. A Fortune 200 company, NextEra Energy has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity. NextEra Energy is ranked No. 1 in the electric and gas utilities industry on Fortune's 2022 list of "World's Most Admired Companies," recognized on Fortune's 2021 list of companies that "Change the World" and received the S&P Global Platts 2020 Energy Transition Award for leadership in environmental, social and governance. For more information about NextEra Energy companies, visit these websites: **www.NextEraEnergy.com, www.FPL.com, www.NextEraEnergyResources.com**.

BOARD OF DIRECTORS

JAMES L. ROBO
Executive Chairman of the Board, NextEra Energy, Inc.
Director since 2012.
Chair: Executive Committee.

JOHN W. KETCHUM
President and Chief Executive Officer, NextEra Energy, Inc.
Director since 2022.

SHERRY S. BARRAT
Retired. Formerly Vice Chairman, Northern Trust Corporation
(financial holding company)
Director since 1998.
Lead Director.
Member: Compensation Committee, Executive Committee, Governance & Nominating.

JAMES L. CAMAREN
Private Investor. Formerly Chairman & Chief Executive Officer, Utilities, Inc.
(water utilities)
Director since 2002.
Member: Compensation Committee, Governance & Nominating Committee.

KENNETH B. DUNN
Emeritus Professor of Financial Economics and former Dean,
Tepper School of Business, Carnegie Mellon University
(higher education)
Director since 2010.
Member: Audit Committee, Finance & Investment Committee.

NAREN K. GURSAHANEY
Retired. Formerly President and Chief Executive Officer, ADT Corporation
(electronic security services)
Director since 2014.
Chair. Audit Committee.
Member: Executive Committee, Governance & Nominating Committee.

KIRK S. HACHIGIAN
Formerly Chairman of the Board, JELD-WEN, Inc.
(window and door manufacturer)
Director since 2013.
Chair: Compensation Committee.
Member: Governance & Nominating Committee, Executive Committee.

AMY B. LANE
Retired. Formerly Investment Banker, Merrill Lynch & Co., Inc.
(investment banking firm)
Director since 2015.
Chair: Finance & Investment Committee.
Member: Compensation Committee, Executive Committee.

DAVID L. PORGES
Retired. Formerly Chairman of the Board, Equitrans Midstream Corporation
(natural gas midstream operator)
Director since 2020.
Member: Finance & Investment Committee, Governance & Nominating Committee.

RUDY E. SCHUPP
Retired. Formerly President, Valley National Bancorp and Chief Banking Officer, Valley National Bank
(commercial bank)
Director since 2005.
Chair: Governance & Nominating Committee.
Member: Finance & Investment Committee, Executive Committee.

JOHN L. SKOLDS
Retired. Formerly Executive Vice President of Exelon Corporation and President of Exelon Energy Delivery and Exelon Generation
(utility services holding company)
Director since 2012.
Chair: Nuclear Committee.
Member: Audit Committee.

LYNN M. UTTER
Retired. Formerly, Chief Talent Officer of Atlas Holdings LLC
(private equity)
Director since 2021.
Member: Audit Committee, Finance & Investment Committee.

DARRYL L. WILSON
Retired. Formerly Vice President, Commercial of GE Power
(power generation manufacturing)
Director since 2018.
Member: Audit Committee, Compensation Committee.

PROPOSED 2022 COMMON STOCK DIVIDEND DATES*

Declaration	Ex-Dividend	Record	Payment
February 18	February 28	March 1	March 15
May 19	May 27	May 31	June 15
July 28	August 29	August 30	September 15
October 14	November 23	November 25	December 15

* Declaration of dividends and dates shown are subject to the discretion of the Board of Directors of NextEra Energy, Inc. Dates shown are based on the assumption that past patterns will prevail.

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Exhibit 32(b)

Section 1350 Certification

We, Eric E. Silagy and Rebecca J. Kujawa, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of Florida Power & Light Company (the registrant) for the annual period ended December 31, 2021 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 17, 2022

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer
of Florida Power & Light Company

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(a)

Section 1350 Certification

We, James L. Robo and Rebecca J. Kujawa, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of NextEra Energy, Inc. (the registrant) for the annual period ended December 31, 2021 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 17, 2022

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
of NextEra Energy, Inc.

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance and
Chief Financial Officer
of NextEra Energy, Inc.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Rebecca J. Kujawa, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, Eric E. Silagy, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Rebecca J. Kujawa, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of NextEra Energy, Inc. (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance and
Chief Financial Officer
of NextEra Energy, Inc.

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, James L. Robo, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2021 of NextEra Energy, Inc. (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
of NextEra Energy, Inc.

FLORIDA POWER & LIGHT COMPANY SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

Florida Power & Light Company

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 17, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 17, 2022:

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer and Director
(Principal Financial Officer)

KEITH FERGUSON

Keith Ferguson
Controller
(Principal Accounting Officer)

Director:

JAMES L. ROBO

James L. Robo

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934 by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Securities Exchange Act of 1934

No annual report, proxy statement, form of proxy or other proxy soliciting material has been sent to security holders of FPL during the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

NEXTERA ENERGY, INC. SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

NextEra Energy, Inc.

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
and Director
(Principal Executive Officer)

Date: February 17, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 17, 2022:

REBECCA J. KUJAWA
Rebecca J. Kujawa
Executive Vice President, Finance
and Chief Financial Officer
(Principal Financial Officer)

JAMES M. MAY
James M. May
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Directors:

SHERRY S. BARRAT
Sherry S. Barrat

DAVID L. PORGES
David L. Porges

JAMES L. CAMAREN
James L. Camaren

RUDY E. SCHUPP
Rudy E. Schupp

KENNETH B. DUNN
Kenneth B. Dunn

JOHN L. SKOLDS
John L. Skolds

NAREN K. GURSAHANEY
Naren K. Gursahaney

LYNN M. UTTER
Lynn M. Utter

KIRK S. HACHIGIAN
Kirk S. Hachigian

DARRYL L. WILSON
Darryl L. Wilson

AMY B. LANE
Amy B. Lane

Exhibit Number	Description	NEE	FPL
*10(pp)	Executive Retention Employment Agreement between NextEra Energy, Inc. and John W. Ketchum dated as of March 4, 2016 (filed as Exhibit 10(i) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(qq)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Rebecca J. Kujawa dated as of March 1, 2019 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2019, File No. 1-8841)	x	x
*10(rr)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Ronald Reagan dated as of January 1, 2020 (filed as Exhibit 10(tt) to Form 10-K for the year ended December 31, 2019, File No. 1-8841)	x	x
*10(ss)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Robert P. Coffey dated as of June 14, 2021 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(tt)	NextEra Energy, Inc. Executive Severance Benefit Plan effective February 26, 2013 (filed as Exhibit 10(eee) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(uu)	Guarantee Agreement between FPL Group, Inc. and FPL Group Capital Inc, dated as of October 14, 1998 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	
*10(vv)	NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.8 to Form 8-K dated July 1, 2014, File No. 1-36518)	x	
*10(ww)	Form of Restricted Unit Award Agreement under the NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2017, File No. 1-36518)	x	
21	Subsidiaries of NextEra Energy, Inc.	x	
22	Guaranteed Securities	x	
23	Consent of Independent Registered Public Accounting Firm	x	x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		x
32(a)	Section 1350 Certification of NextEra Energy, Inc.	x	
32(b)	Section 1350 Certification of Florida Power & Light Company		x
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	x	x
101.SCH	Inline XBRL Schema Document	x	x
101.PRE	Inline XBRL Presentation Linkbase Document	x	x
101.CAL	Inline XBRL Calculation Linkbase Document	x	x
101.LAB	Inline XBRL Label Linkbase Document	x	x
101.DEF	Inline XBRL Definition Linkbase Document	x	x
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	x	x

* Incorporated herein by reference

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

Item 16. Form 10-K Summary

Not applicable

Exhibit Number	Description	NEE	FPL
*10(w)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. 2021 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(x)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. 2021 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(y)	Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. 2021 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended June 30, 2021, File No. 1-8841)	x	x
*10(z)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Amended and Restated Deferred Stock Award Agreement effective February 12, 2010 between FPL Group, Inc. and James L. Robo (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(aa)	Form of Deferred Stock Award Agreement under NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(a) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(bb)	NextEra Energy, Inc. 2013 Executive Annual Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated October 11, 2012, File No. 1-8841)	x	x
*10(cc)	NextEra Energy, Inc. Deferred Compensation Plan effective January 1, 2005 as amended and restated through February 11, 2016 (filed as Exhibit 10(h) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(dd)	FPL Group, Inc. Deferred Compensation Plan, amended and restated effective January 1, 2003 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 2002, File No. 1-8841)	x	x
*10(ee)	FPL Group, Inc. Executive Long-Term Disability Plan effective January 1, 1995 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	x
*10(ff)	FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841)	x	
*10(gg)	FPL Group, Inc. 2007 Non-Employee Directors Stock Plan (filed as Exhibit 99 to Form S-8, File No. 333-143739)	x	
*10(hh)	NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan, as amended and restated as of May 18, 2017 (filed as Exhibit 10 to Form 10-Q for the quarter ended June 30, 2017, File No. 1-8841)	x	
*10(ii)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2021 (filed as Exhibit 10(bb) to Form 10-K for the year ended December 31, 2020, File No. 1-8841)	x	
10(jj)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2022	x	
*10(kk)	Form of Amended and Restated Executive Retention Employment Agreement effective December 10, 2009 between FPL Group, Inc. and each of James L. Robo and Charles E. Sieving (filed as Exhibit 10(nn) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(ll)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Eric E. Silagy dated as of May 2, 2012 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2012, File No. 1-8841)	x	x
*10(mm)	Form of 2012 409A Amendment to NextEra Energy, Inc. Executive Retention Employment Agreement effective October 11, 2012 between NextEra Energy, Inc. and each of James L. Robo, Eric E. Silagy and Charles E. Sieving (filed as Exhibit 10(ddd) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(nn)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Deborah H. Caplan dated as of April 23, 2013 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)	x	x
*10(oo)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Miguel Arechabala dated as of January 1, 2014 (filed as Exhibit 10(bbb) to Form 10-K for the year ended December 31, 2013, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(c)	Amendment Number 1 to the Restated SERP changing name to NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	x
*10(d)	Appendix A1 (revised as of March 16, 2016) to the NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(d) to Form 10-K dated December 31, 2017, File No. 1-8841)	x	x
*10(e)	Appendix A2 (revised as of October 1, 2017) to the NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(e) to Form 10-K dated December 31, 2017, File No. 1-8841)	x	x
*10(f)	Supplement to the Restated SERP relating to a special credit to certain executive officers and other officers effective February 15, 2008 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)	x	x
*10(g)	NextEra Energy, Inc. (formerly known as FPL Group, Inc.) Amended and Restated Long-Term Incentive Plan, most recently amended and restated on May 22, 2009 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)	x	x
*10(h)	NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(i)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)	x	x
*10(j)	Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)	x	x
*10(k)	Form of Restricted Stock Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(a) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(l)	Form of Restricted Stock Unit Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(m)	Form of Restricted Stock Unit Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(n)	Form of Restricted Stock Unit Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(o)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(f) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(p)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(g) to Form 10-Q for the quarter ended March 31, 2016, File No. 1-8841)	x	x
*10(q)	Form of Non-Qualified Stock Option agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2018, File No. 1-8841)	x	x
*10(r)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(e) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(s)	Form of Non-Qualified Stock Option Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(f) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(t)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(g) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(u)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(h) to Form 10-Q for the quarter ended March 31, 2021, File No. 1-8841)	x	x
*10(v)	NextEra Energy, Inc. 2021 Long Term Incentive Plan (filed as Exhibit 10 to Form 8-K dated May 20, 2021, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*4(oo)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated September 29, 2017, creating the Series L Junior Subordinated Debentures due September 29, 2057 (filed as Exhibit 4(c) to Form 8-K dated September 29, 2017, File No. 1-8841)	x	
*4(pp)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated November 2, 2017, creating the Series M Junior Subordinated Debentures due December 1, 2077 (filed as Exhibit 4(a) to Form 8-K dated November 2, 2017, File No. 1-8841)	x	
*4(qq)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated March 15, 2019, creating the Series N Junior Subordinated Debentures due March 1, 2079 (filed as Exhibit 4 to Form 8-K dated March 15, 2019, File No. 1-8841)	x	
*4(rr)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated April 4, 2019, creating the Series O Junior Subordinated Debentures due May 1, 2079 (filed as Exhibit 4(e) to Form 8-K dated April 4, 2019, File No. 1-8841)	x	
*4(ss)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 14, 2021, creating the Series P Junior Subordinated Debentures due March 15, 2082 (filed as Exhibit 4 to Form 8-K dated December 14, 2021, File No. 1-8841)	x	
*4(tt)	Purchase Contract Agreement, dated as of September 1, 2019, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 2019, File No. 1-8841)	x	
*4(uu)	Pledge Agreement, dated as of September 1, 2019, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(d) to Form 10-Q for the quarter ended September 30, 2019, File No. 1-8841)	x	
*4(vv)	Purchase Contract Agreement, dated as of February 1, 2020, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 2020, File No. 1-8841)	x	
*4(ww)	Pledge Agreement, dated as of February 1, 2020, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2020, File No. 1-8841)	x	
*4(xx)	Purchase Contract Agreement, dated as of September 1, 2020, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 2020, File No. 1-8841)	x	
*4(yy)	Pledge Agreement, dated as of September 1, 2020, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(d) to Form 10-Q for the quarter ended September 30, 2020, File No. 1-8841)	x	
*4(zz)	Senior Note Indenture dated as of January 1, 1998, between Florida Power & Light Company (as successor to Gulf Power Company) and Computershare Trust Company, N.A., as Successor Trustee, and certain indentures supplemental thereto (filed as Exhibit 4.1 to Form 8-K dated June 17, 1998, File No. 0-2429; Exhibit 4.2 to Form 8-K dated September 9, 2010, File No. 1-31737; Exhibit 4.2 to Form 8-K dated May 15, 2012, File No. 1-31737; Exhibit 4.2 to Form 8-K dated June 10, 2013, File No. 1-31737; Exhibit 4.2 to Form 8-K dated September 16, 2014, File No. 1-31737; Exhibit 4.2 to Form 8-K dated May 15, 2017, File No. 1-31737; and Exhibit 4(ddd) to Form 10-K for the year ended December 31, 2020, File No. 2-27612)	x	x
4(aaa)	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	x	
*10(a)	FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (SERP) (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x
*10(b)	FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005 (Restated SERP) (filed as Exhibit 10(b) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*4(y)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 17, 2021, creating the 0.65% Debentures, Series due March 1, 2023 (filed as Exhibit 4(ak), File Nos. 333-254632, 333-254632-01 and 333-254632-02)	x	
*4(z)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 17, 2021, creating the Floating Rate Debentures, Series due March 1, 2023 (filed as Exhibit 4(al), File Nos. 333-254632, 333-254632-01 and 333-254632-02)	x	
*4(aa)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 8, 2021, creating the 1.90% Debentures, Series due June 15, 2028 (filed as Exhibit 4 to Form 8-K dated June 8, 2021, File No. 1-8841)	x	
*4(bb)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated November 3, 2021, creating the Floating Rate Debentures, Series due November 3, 2023 (filed as Exhibit 4 to Form 8-K dated November 3, 2021, File No. 1-8841)	x	
*4(cc)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 13, 2021, creating the 1.875% Debentures, Series due January 15, 2027 (filed as Exhibit 4(a) to Form 8-K dated December 13, 2021, File No. 1-8841)	x	
*4(dd)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 13, 2021, creating the 2.440% Debentures, Series due January 15, 2032 (filed as Exhibit 4(b) to Form 8-K dated December 13, 2021, File No. 1-8841)	x	
*4(ee)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated December 13, 2021, creating the 3.000% Debentures, Series due January 15, 2052 (filed as Exhibit 4(c) to Form 8-K dated December 13, 2021, File No. 1-8841)	x	
*4(ff)	Indenture (For Unsecured Subordinated Debt Securities relating to Trust Securities), dated as of March 1, 2004, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(au) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(gg)	Indenture (For Unsecured Subordinated Debt Securities), dated as of September 1, 2006, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(hh)	First Supplemental Indenture to Indenture (For Unsecured Subordinated Debt Securities) dated as of September 1, 2006, dated as of November 19, 2012, between NextEra Energy Capital Holdings, Inc., NextEra Energy, Inc. as Guarantor, and The Bank of New York Mellon, as Trustee (filed as Exhibit 2 to Form 8-A dated January 16, 2013, File No. 1-33028)	x	
*4(ii)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated September 19, 2006, creating the Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(c) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(jj)	Replacement Capital Covenant, dated September 19, 2006, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(kk)	Amendment, dated November 9, 2016, to the Replacement Capital Covenant, dated September 19, 2006, by NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Holdings Inc) and NextEra Energy, Inc. (formerly known as FPL Group, Inc.), relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(cc) to Form 10-K for the year ended December 31, 2016, File No. 1-8841)	x	
*4(ll)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated June 12, 2007, creating the Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(mm)	Replacement Capital Covenant, dated June 12, 2007, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(nn)	Amendment, dated November 9, 2016, to the Replacement Capital Covenant, dated June 12, 2007 by NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Holdings Inc) and NextEra Energy, Inc. (formerly known as FPL Group, Inc.), relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(hh) to Form 10-K for the year ended December 31, 2016, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(f)	Officer's Certificate of Florida Power & Light Company, dated November 14, 2018, creating the Floating Rate Notes, Series due November 14, 2068 (filed as Exhibit 4 to Form 8-K dated November 14, 2018, File No. 2-27612)	x	x
*4(g)	Officer's Certificate of Florida Power & Light Company, dated March 27, 2019, creating the Floating Rate Notes, Series due March 27, 2069 (filed as Exhibit 4(b) to Form 8-K dated March 27, 2019, File No. 2-27612)	x	x
*4(h)	Officer's Certificate of Florida Power & Light Company, dated March 13, 2020, creating the Floating Rate Notes, Series due March 13, 2070 (filed as Exhibit 4 to Form 8-K dated March 13, 2020, File No. 2-27612)	x	x
*4(i)	Officer's Certificate of Florida Power & Light Company, dated August 24, 2020, creating the Floating Rate Notes, Series due August 24, 2070 (filed as Exhibit 4 to Form 8-K dated August 24, 2020, File No. 2-27612)	x	x
*4(j)	Officer's Certificate of Florida Power & Light Company, dated March 1, 2021, creating the Floating Rate Notes, Series due March 1, 2071 (filed as Exhibit 4 to Form 8-K dated March 1, 2021, File No. 2-27612)	x	x
*4(k)	Officer's Certificate of Florida Power & Light Company, dated May 10, 2021, creating the Floating Rate Notes, Series due May 10, 2023 (filed as Exhibit 4 to Form 8-K dated May 10, 2021, File No. 2-27612)	x	x
4(l)	Officer's Certificate of Florida Power & Light Company, dated January 14, 2022, creating the Floating Rate Notes, Series due January 12, 2024	x	x
*4(m)	Indenture (For Unsecured Debt Securities), dated as of June 1, 1999, between FPL Group Capital Inc and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(n)	First Supplemental Indenture to Indenture (For Unsecured Debt Securities) dated as of June 1, 1999, dated as of September 21, 2012, between NextEra Energy Capital Holdings, Inc. and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2012, File No. 1-8841)	x	
*4(o)	Guarantee Agreement, dated as of June 1, 1999, between FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) (filed as Exhibit 4(b) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(p)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated April 28, 2017, creating the 3.55% Debentures, Series due May 1, 2027 (filed as Exhibit 4 to Form 8-K dated April 28, 2017, File No. 1-8841)	x	
*4(q)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 27, 2019, creating the Floating Rate Debentures, Series due February 25, 2022 (filed as Exhibit 4(a) to Form 8-K dated February 27, 2019, File No. 1-8841)	x	
*4(r)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated April 4, 2019, creating the 3.50% Debentures, Series due April 1, 2029 (filed as Exhibit 4(d) to Form 8-K dated April 4, 2019, File No. 1-8841)	x	
*4(s)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 9, 2019, creating the Series J Debentures due September 1, 2024 (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2019, File No. 1-8841)	x	
*4(t)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated October 3, 2019, creating the 2.75% Debentures, Series due November 1, 2029 (filed as Exhibit 4 to Form 8-K dated October 3, 2019, File No. 1-8841)	x	
*4(u)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 21, 2020, creating the Series K Debentures due March 1, 2025 (filed as Exhibit 4(c) to Form 10-Q for the quarter ended March 31, 2020, File No. 1-8841)	x	
*4(v)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated May 12, 2020, creating the 2.25% Debentures, Series due June 1, 2030 (filed as Exhibit 4 to Form 8-K dated May 12, 2020, File No. 1-8841)	x	
*4(w)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 18, 2020, creating the Series L Debentures due September 1, 2025 (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2020, File No. 1-8841)	x	
*4(x)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated February 22, 2021, creating the Floating Rate Debentures, Series due February 22, 2023 (filed as Exhibit 4 to Form 8-K dated February 22, 2021, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, as amended, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612; Exhibit 4 to Form 8-K dated December 9, 2010, File No. 2-27612; Exhibit 4(a) to Form 8-K dated June 10, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated December 13, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated December 20, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated June 5, 2013, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated September 10, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated November 19, 2015, File No. 2-27612; Exhibit 4(b) to Form 10-K for the year ended December 31, 2017, File No. 2-27612; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 2018, File No. 2-27612; Exhibit 4(j), File Nos. 333-226056, 333-226056-01 and 333-226056-02; Exhibit 4(k), File Nos. 333-226056, 333-226056-01 and 333-226056-02; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 2019, File No. 2-27612; Exhibit 4(f) to Form 10-Q for the quarter ended September 30, 2019, File No. 2-27612; Exhibit 4(e) to Form 10-Q for the quarter ended March 31, 2020, File No. 2-27612; and Exhibit 4(b) to Form 10-K for the year ended December 31, 2020, File No. 2-27612)	x	x
4(b)	One Hundred Thirty-Third Supplemental Indenture dated as of November 1, 2021 between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee	x	x
4(c)	One Hundred Thirty-Fourth Supplemental Indenture dated as of January 1, 2022 between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee	x	x
*4(d)	Indenture (For Unsecured Debt Securities), dated as of November 1, 2017, between Florida Power & Light Company and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated November 6, 2017, File No. 2-27612)	x	x
*4(e)	Officer's Certificate of Florida Power & Light Company, dated June 15, 2018, creating the Floating Rate Notes, Series due June 15, 2068 (filed as Exhibit 4 to Form 8-K dated June 15, 2018, File No. 2-27612)	x	x

PART IV

Item 15. Exhibits and Financial Statement Schedules

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2. Financial Statement Schedules – Schedules are omitted as not applicable or not required.

3. Exhibits (including those incorporated by reference)

Certain exhibits listed below refer to "FPL Group" and "FPL Group Capital," and were effective prior to the change of the name FPL Group, Inc. to NextEra Energy, Inc., and of the name FPL Group Capital Inc to NextEra Energy Capital Holdings, Inc., during 2010.

Exhibit Number	Description	NEE	FPL
*2(a)	Agreement and Plan of Merger, dated as of December 18, 2020, between Gulf Power Company and Florida Power & Light Company (filed as Exhibit 2 to Form 8-K dated December 18, 2020, File No. 2-27612)		x
*3(i)a	Restated Articles of Incorporation of NextEra Energy, Inc. (filed as Exhibit 3(i) to Form 8-K dated October 26, 2020, File No. 1-8841)	x	
*3(i)b	Restated Articles of Incorporation of Florida Power & Light Company (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 2010, File No. 2-27612)		x
*3(i)c	Articles of Merger of Florida Power & Light Company and Gulf Power Company (filed as Exhibit 3(i)(c) to Form 10-K for the year ended December 31, 2020, File No. 2-27612)		x
*3(ii)a	Amended and Restated Bylaws of NextEra Energy, Inc., effective October 14, 2016 (filed as Exhibit 3(ii)(b) to Form 8-K dated October 14, 2016, File No. 1-8841)	x	
*3(ii)b	Amended and Restated Bylaws of Florida Power & Light Company, as amended through October 17, 2008 (filed as Exhibit 3(ii)b to Form 10-Q for the quarter ended September 30, 2008, File No. 2-27612)		x

Item 14. Principal Accountant Fees and Services

NEE – The information required by this item will be included in NEE's Proxy Statement under the heading "Audit-Related Matters" and is incorporated herein by reference.

FPL – The following table presents fees billed for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche) for the fiscal years ended December 31, 2021 and 2020. The amounts presented below reflect allocations from NEE for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2021	2020[a]
Audit fees[b]	$ 3,834,000	$ 3,613,000
Audit-related fees[c]	752,000	1,150,000
Tax fees[d]	404,000	486,000
All other fees[e]	57,000	6,000
Total	$ 5,047,000	$ 5,255,000

(a) Amounts have been retrospectively adjusted to include fees paid by Gulf Power Company.
(b) Audit fees consist of fees billed for professional services rendered for the audit of FPL's and NEE's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL's and NEE's Quarterly Reports on Form 10-Q during the fiscal year and the audit of the effectiveness of internal control over financial reporting, comfort letters, and consents.
(c) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of FPL's and NEE's consolidated financial statements and are not reported under audit fees. These fees primarily relate to audits of subsidiary financial statements and attestation services.
(d) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. These fees primarily relate to research and development tax credit advice and planning services.
(e) All other fees consist of fees for products and services other than the services reported under the other named categories. In 2021 and 2020, these fees relate to training, and in 2021 also relate to advisory services for development of a request for proposal on financial systems implementation services.

In accordance with the requirements of the Sarbanes-Oxley Act of 2002, the Audit Committee Charter and the Audit Committee's pre-approval policy for services provided by the independent registered public accounting firm, all services performed by Deloitte & Touche are approved in advance by the Audit Committee, except for audits of certain trust funds where the fees are paid by the trust. Permitted services specifically identified in an appendix to the pre-approval policy are pre-approved by the Audit Committee each year. This pre-approval allows management to request the specified permitted services on an as-needed basis during the year, provided any such services are reviewed with the Audit Committee at its next regularly scheduled meeting. Any permitted service for which the fee is expected to exceed $500,000, or that involves a service not listed on the pre-approval list, must be specifically approved by the Audit Committee prior to commencement of such service. The Audit Committee has delegated to the Chair of the committee the right to approve audit, audit-related, tax and other services, within certain limitations, between meetings of the Audit Committee, provided any such decision is presented to the Audit Committee at its next regularly scheduled meeting. At each Audit Committee meeting (other than meetings held to review earnings materials), the Audit Committee reviews a schedule of services for which Deloitte & Touche has been engaged since the prior Audit Committee meeting under existing pre-approvals and the estimated fees for those services. In 2021 and 2020, none of the amounts presented above represent services provided to NEE or FPL by Deloitte & Touche that were approved by the Audit Committee after services were rendered pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X (which provides for a waiver of the otherwise applicable pre-approval requirement if certain conditions are met).

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the headings "Business of the Annual Meeting," "Information About NextEra Energy and Management" and "Corporate Governance and Board Matters" in NEE's Proxy Statement which will be filed with the SEC in connection with the 2022 Annual Meeting of Shareholders (NEE's Proxy Statement) and is incorporated herein by reference, or is included in Item 1. Business – Information About Our Executive Officers.

NEE has adopted the NextEra Energy, Inc. Code of Ethics for Senior Executive and Financial Officers (the Senior Financial Executive Code), which is applicable to the chief executive officer, the chief financial officer, the chief accounting officer and other senior executive and financial officers. The Senior Financial Executive Code is available under Corporate Governance in the Investor Relations section of NEE's internet website at www.nexteraenergy.com. Any amendments or waivers of the Senior Financial Executive Code which are required to be disclosed to shareholders under SEC rules will be disclosed on the NEE website at the address listed above.

Item 11. Executive Compensation

The information required by this item will be included in NEE's Proxy Statement under the headings "Executive Compensation" and "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management will be included in NEE's Proxy Statement under the heading "Information About NextEra Energy and Management" and is incorporated herein by reference.

Securities Authorized For Issuance Under Equity Compensation Plans[a]

NEE's equity compensation plan information at December 31, 2021 is as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	15,231,663	[a]	$ 44.87	[b]	66,846,051	[c]
Equity compensation plans not approved by security holders	—		—		—	
Total	15,231,663		$ 44.87		66,846,051	

(a) Includes an aggregate of 10,013,312 outstanding options, 3,451,310 unvested performance share awards (at maximum payout), 1,016,262 deferred fully vested performance shares, 344,760 deferred stock awards and 359,843 unvested restricted stock units (including future reinvested dividends) under the NextEra Energy, Inc. 2021 Long Term Incentive Plan and former LTIPs, and 46,176 fully vested shares deferred by directors under the NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan, and its predecessors the FPL Group, Inc. 2007 Non-Employee Directors Stock Plan and the FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan.

(b) Relates to outstanding options only.

(c) Includes 65,008,350 shares under the NextEra Energy, Inc. 2021 Long Term Incentive Plan and 1,837,701 shares under the NextEra Energy, Inc. 2017 Non-Employee Directors Stock Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item, to the extent applicable, will be included in NEE's Proxy Statement under the heading "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2021, each of NEE and FPL had performed an evaluation, under the supervision and with the participation of its management, including NEE's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of each of NEE and FPL concluded that the company's disclosure controls and procedures were effective as of December 31, 2021.

Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

See Item 8. Financial Statements and Supplementary Data.

(b) Attestation Report of the Independent Registered Public Accounting Firm

See Item 8. Financial Statements and Supplementary Data.

(c) Changes in Internal Control Over Financial Reporting

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

Item 9B. Other Information

None

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable

	2019				
	FPL Segment	Gulf Power	NEER[a]	Corp. and Other	NEE Consolidated
			(millions)		
Operating revenues	$ 12,192	$ 1,487	$ 5,639	$ (114)	$ 19,204
Operating expenses – net	$ 8,895	$ 1,216	$ 4,037	$ 109	$ 14,257
Gains (losses) on disposal of businesses/assets – net	$ 5	$ —	$ 402	$ (1)	$ 406
Interest expense	$ 594	$ 55	$ 873	$ 727	$ 2,249
Depreciation and amortization	$ 2,524	$ 247	$ 1,387	$ 58	$ 4,216
Equity in earnings (losses) of equity method investees	$ —	$ —	$ 67	$ (1)	$ 66
Income tax expense (benefit)[b]	$ 441	$ 42	$ 162	$ (197)	$ 448
Net income (loss)	$ 2,334	$ 180	$ 1,426	$ (552)	$ 3,388
Net income (loss) attributable to NEE	$ 2,334	$ 180	$ 1,807	$ (552)	$ 3,769
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 5,755	$ 729	$ 6,505	$ 4,473	$ 17,462
Property, plant and equipment – net	$ 45,074	$ 4,763	$ 32,042	$ 131	$ 82,010
Total assets	$ 57,188	$ 5,855	$ 51,516	$ 3,132	$ 117,691
Investment in equity method investees	$ —	$ —	$ 7,453	$ —	$ 7,453

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Residual NEECH corporate interest expense is included in Corporate and Other.
(b) NEER includes PTCs that were recognized based on its tax sharing agreement with NEE. See Note 1 – Income Taxes.

FPL's segment information is as follows:

	2021				2020				2019			
	FPL Segment	Gulf Power	Corp. and Other	FPL Consoli-dated	FPL Segment	Gulf Power	Corp. and Other	FPL Consoli-dated	FPL Segment	Gulf Power	Corp. and Other	FPL Consoli-dated
						(millions)						
Operating revenues	$ 12,600	$1,503	$ (1)	$ 14,102	$ 11,662	$1,398	$ —	$ 13,060	$ 12,192	$1,487	$ 1	$ 13,680
Operating expenses – net [a]	$ 8,418	$1,170	$ (2)	$ 9,586	$ 7,862	$1,081	$ (3)	$ 8,940	$ 8,895	$1,216	$ (10)	$ 10,101
Interest expense	$ 588	$ 28	$ (1)	$ 615	$ 600	$ 41	$ —	$ 641	$ 594	$ 55	$ —	$ 649
Depreciation and amortization	$ 1,968	$ 297	$ 1	$ 2,266	$ 2,246	$ 281	$ (1)	$ 2,526	$ 2,524	$ 247	$ —	$ 2,771
Income tax expense	$ 767	$ 71	$ —	$ 838	$ 610	$ 67	$ 1	$ 678	$ 441	$ 42	$ 1	$ 484
Net income	$ 2,935	$ 271	$ —	$ 3,206	$ 2,650	$ 238	$ 2	$ 2,890	$ 2,334	$ 180	$ 5	$ 2,519
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 6,785	$ 782	$ 3	$ 7,570	$ 6,680	$1,012	$ (13)	$ 7,679	$ 5,755	$ 729	$ 1	$ 6,485
Property, plant and equipment – net	$ 52,728	$5,499	$ —	$ 58,227	$ 48,933	$4,946	$ —	$ 53,879	$ 45,074	$4,763	$ —	$ 49,837
Total assets	$ 68,197	$7,209	$ 2,661	$ 78,067	$ 61,610	$6,725	$ 2,666	$ 71,001	$ 57,188	$5,855	$ 2,647	$ 65,690

(a) FPL's income statement line for total operating expenses – net includes gains (losses) on disposal of businesses/assets – net.

NEE's segment information is as follows:

	2021				
	FPL Segment	Gulf Power	NEER[a]	Corp. and Other	NEE Consolidated
			(millions)		
Operating revenues	$ 12,600	$ 1,503	$ 3,053	$ (87)	$ 17,069
Operating expenses – net	$ 8,418	$ 1,170	$ 4,434	$ 211	$ 14,233
Gains (losses) on disposal of businesses/assets – net	$ 1	$ —	$ 78	$ (2)	$ 77
Interest expense	$ 588	$ 28	$ 367	$ 287	$ 1,270
Depreciation and amortization	$ 1,968	$ 297	$ 1,576	$ 83	$ 3,924
Equity in earnings of equity method investees	$ —	$ —	$ 666	$ —	$ 666
Income tax expense (benefit)[b]	$ 767	$ 71	$ (395)	$ (95)	$ 348
Net income (loss)	$ 2,935	$ 271	$ (147)	$ (232)	$ 2,827
Net income (loss) attributable to NEE	$ 2,935	$ 271	$ 599	$ (232)	$ 3,573
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 6,785	$ 782	$ 8,363	$ 147	$ 16,077
Property, plant and equipment – net	$ 52,728	$ 5,499	$ 40,900	$ 221	$ 99,348
Total assets	$ 68,197	$ 7,209	$ 62,113	$ 3,393	$ 140,912
Investment in equity method investees	$ —	$ —	$ 6,150	$ 9	$ 6,159

	2020				
	FPL Segment	Gulf Power	NEER[a]	Corp. and Other	NEE Consolidated
			(millions)		
Operating revenues	$ 11,662	$ 1,398	$ 5,046	$ (109)	$ 17,997
Operating expenses – net	$ 7,862	$ 1,081	$ 4,125	$ 166	$ 13,234
Gains (losses) on disposal of businesses/assets – net	$ —	$ —	$ 363	$ (10)	$ 353
Interest expense	$ 600	$ 41	$ 659	$ 650	$ 1,950
Depreciation and amortization	$ 2,246	$ 281	$ 1,460	$ 65	$ 4,052
Equity in losses of equity method investees	$ —	$ —	$ (1,351)	$ —	$ (1,351)
Income tax expense (benefit)[b]	$ 610	$ 67	$ (416)	$ (217)	$ 44
Net income (loss)	$ 2,650	$ 238	$ (19)	$ (500)	$ 2,369
Net income (loss) attributable to NEE	$ 2,650	$ 238	$ 531	$ (500)	$ 2,919
Capital expenditures, independent power and other investments and nuclear fuel purchases	$ 6,680	$ 1,012	$ 6,893	$ 25	$ 14,610
Property, plant and equipment – net	$ 48,933	$ 4,946	$ 37,842	$ 82	$ 91,803
Total assets	$ 61,610	$ 6,725	$ 55,633	$ 3,716	$ 127,684
Investment in equity method investees	$ —	$ —	$ 5,713	$ 15	$ 5,728

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Residual NEECH corporate interest expense is included in Corporate and Other.

(b) NEER includes PTCs that were recognized based on its tax sharing agreement with NEE. See Note 1 – Income Taxes.

The required capacity and/or minimum payments under contracts, including those discussed above at December 31, 2021, were estimated as follows:

	2022	2023	2024	2025	2026	Thereafter
			(millions)			
FPL[(a)]	$ 1,025	$ 980	$ 955	$ 900	$ 825	$ 8,570
NEER[(b)(c)(d)]	$ 4,400	$ 365	$ 185	$ 85	$ 65	$ 570

(a) Includes approximately $415 million, $410 million, $410 million, $405 million, $400 million and $5,960 million in 2022 through 2026 and thereafter, respectively, of firm commitments related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection, LLC. The charges associated with these agreements are recoverable through the fuel clause and totaled approximately $419 million, $386 million and $316 million for the years ended December 31, 2021, 2020 and 2019, respectively, of which $105 million, $108 million and $108 million, respectively, were eliminated in consolidation at NEE.

(b) Excludes commitments related to equity contributions and a 20-year natural gas transportation agreement (approximately $70 million per year) with a joint venture, in which NEER has a 31.9% equity investment, that is constructing a natural gas pipeline. These commitments are subject to the completion of construction of the pipeline which has a very low probability of completion. See Note 4 – Nonrecurring Fair Value Measurements.

(c) Includes approximately $370 million of commitments to invest in technology and other investments through 2031. See Note 9 – Other.

(d) Includes approximately $610 million, $20 million, $5 million, $5 million, $0 million and $5 million for 2022 through 2026 and thereafter, respectively, of joint obligations of NEECH and NEER.

Insurance – Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains $450 million of private liability insurance per site, which is the maximum obtainable, except at Duane Arnold which obtained an exemption from the NRC and maintains a $100 million private liability insurance limit. Each site, except Duane Arnold, participates in a secondary financial protection system, which provides up to $13.1 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to $963 million ($550 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed $143 million ($82 million for FPL) per incident per year. NextEra Energy Resources and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook and St. Lucie Unit No. 2, which approximates $16 million and $20 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of $1.5 billion for non-nuclear perils, except for Duane Arnold which has a limit of $50 million for property damage, decontamination risks and non-nuclear perils. NEE participates in co-insurance of 10% of the first $400 million of losses per site per occurrence, except at Duane Arnold. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to $163 million ($104 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NextEra Energy Resources and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $2 million and $4 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NEE does not have property insurance coverage for a substantial portion of either its transmission and distribution property or natural gas pipeline assets. If FPL's future storm restoration costs exceed the storm and property insurance reserve, such storm restoration costs may be recovered, subject to prudence review by the FPSC, through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers in the case of FPL, would be borne by NEE and FPL and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

16. Segment Information

The tables below present information for NEE's and FPL's reportable segments. NEE's segments include its reportable segments, the FPL segment, a rate-regulated utility business, and NEER, which is comprised of competitive energy and rate-regulated transmission businesses, as well as an operating segment of NEE, Gulf Power, a rate-regulated utility business. FPL's reportable segments include the FPL segment and Gulf Power. See Note 6 – Merger of FPL and Gulf Power Company. Corporate and Other for each of NEE and FPL represents other business activities, such as purchase accounting adjustments for Gulf Power Company, includes eliminating entries, and may include the net effect of rounding. See Note 2 for information regarding NEE's and FPL's operating revenues.

15. Commitments and Contingencies

Commitments – NEE and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL include, among other things, the cost for construction of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects, the procurement of nuclear fuel and the cost to maintain existing rate-regulated transmission facilities, as well as equity contributions to a joint venture for the development and construction of a rate-regulated transmission facility. Also see Note 4 – Contingent Consideration.

At December 31, 2021, estimated capital expenditures for 2022 through 2026 were as follows:

	2022	2023	2024	2025	2026	Total
			(millions)			
FPL:						
Generation:[a]						
New[b]	$ 1,825	$ 1,670	$ 1,635	$ 1,210	$ 995	$ 7,335
Existing	1,605	1,465	1,220	685	750	5,725
Transmission and distribution[c]	4,035	3,760	3,870	4,760	5,075	21,500
Nuclear fuel	155	110	145	145	120	675
General and other	875	625	715	740	665	3,620
Total	$ 8,495	$ 7,630	$ 7,585	$ 7,540	$ 7,605	$ 38,855
NEER:[d]						
Wind[e]	$ 2,630	$ 240	$ 50	$ 35	$ 30	$ 2,985
Solar[f]	3,445	1,010	170	25	10	4,660
Battery storage	270	120	—	—	5	395
Nuclear, including nuclear fuel	200	150	200	210	210	970
Rate-regulated transmission	220	85	55	30	30	420
Other	440	85	95	60	70	750
Total	$ 7,205	$ 1,690	$ 570	$ 360	$ 355	$ 10,180

(a) Includes AFUDC of approximately $75 million, $85 million, $60 million, $50 million and $40 million for 2022 through 2026, respectively.
(b) Includes land, generation structures, transmission interconnection and integration and licensing.
(c) Includes AFUDC of approximately $50 million, $45 million, $40 million, $15 million and $0 million for 2022 through 2026, respectively.
(d) Represents capital expenditures for which applicable internal approvals and also, if required, regulatory approvals have been received.
(e) Consists of capital expenditures for new wind projects, repowering of existing wind projects and related transmission totaling approximately 2,852 MW.
(f) Includes capital expenditures for new solar projects (including solar plus battery storage projects) and related transmission totaling approximately 5,946 MW.

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

In addition to guarantees noted in Note 8 with regards to NEP, NEECH has guaranteed or provided indemnifications or letters of credit related to third parties, including certain obligations of investments in joint ventures accounted for under the equity method, totaling approximately $484 million at December 31, 2021. These obligations primarily related to guaranteeing the residual value of certain financing leases. Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded at fair value and are included in noncurrent other liabilities on NEE's consolidated balance sheets. Management believes that the exposure associated with these guarantees is not material.

Contracts – In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has firm commitments under long-term contracts primarily for the transportation of natural gas with expiration dates through 2042.

At December 31, 2021, NEER has entered into contracts with expiration dates through 2033 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium, and the conversion, enrichment and fabrication of nuclear fuel, and has made commitments for the construction of a rate-regulated transmission facility. Approximately $4.3 billion of related commitments are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the transportation and storage of natural gas with expiration dates through 2040.

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

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investees	Total
			(millions)			
Balances, December 31, 2018	$ (55)	$ (7)	$ (65)	$ (63)	$ 2	$ (188)
Other comprehensive income (loss) before reclassifications	—	20	(46)	22	1	(3)
Amounts reclassified from AOCI	29 [a]	(2) [b]	(3) [c]	—	—	24
Net other comprehensive income (loss)	29	18	(49)	22	1	21
Less other comprehensive income attributable to noncontrolling interests	—	—	—	1	—	1
Acquisition of Gulf Power (see Note 6)	(1)	—	—	—	—	(1)
Balances, December 31, 2019	(27)	11	(114)	(42)	3	(169)
Other comprehensive income before reclassifications	—	12	37	13	1	63
Amounts reclassified from AOCI	12 [a]	(3) [b]	2 [c]	—	—	11
Net other comprehensive income	12	9	39	13	1	74
Less other comprehensive income attributable to noncontrolling interests	—	—	—	7	—	7
Impact of disposal of a business	23 [d]	—	—	(13) [d]	—	10
Balances, December 31, 2020	8	20	(75)	(49)	4	(92)
Other comprehensive income (loss) before reclassifications	—	(11)	95	(1)	1	84
Amounts reclassified from AOCI	6 [a]	(4) [b]	5 [c]	—	—	7
Net other comprehensive income (loss)	6	(15)	100	(1)	1	91
Less other comprehensive loss attributable to noncontrolling interests	—	—	—	(1)	—	(1)
Balances, December 31, 2021	$ 14	$ 5	$ 25	$ (49)	$ 5	$ —
Attributable to noncontrolling interests	$ —	$ —	$ —	$ 6	$ —	$ 6

(a) Reclassified to interest expense in NEE's consolidated statements of income. See Note 3 – Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of investments and other property – net in NEE's consolidated statements of income.
(c) Reclassified to other net periodic benefit income in NEE's consolidated statements of income.
(d) Reclassified to gains on disposal of businesses/assets – net and interest expense in NEE's consolidated statements of income. See Note 3 – Income Statement Impact of Derivative Instruments and Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

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

	2021	2020	2019
Expected volatility[(a)]	17.32 – 17.75%	14.63 – 16.31%	14.20 – 14.31%
Expected dividends	2.30 – 2.44%	2.50 – 2.72%	2.85 – 2.93%
Expected term (years)[(b)]	7.0	7.0	7.0
Risk-free rate	0.80 – 1.27%	0.49 – 1.52%	2.24 – 2.54%

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

Option activity for the year ended December 31, 2021 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2021	9,618,204	$ 38.32		
Granted	1,220,265	$ 83.33		
Exercised	(738,516)	$ 20.08		
Forfeited	(86,641)	$ 71.19		
Balance, December 31, 2021	10,013,312	$ 44.87	6.0	$ 486
Exercisable, December 31, 2021	7,235,572	$ 35.35	5.0	$ 420

The weighted-average grant date fair value of options granted was $9.82, $7.08 and $5.01 per share for the years ended December 31, 2021, 2020 and 2019, respectively. The total intrinsic value of stock options exercised was approximately $49 million, $71 million and $81 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Cash received from option exercises was approximately $15 million, $30 million and $34 million for the years ended December 31, 2021, 2020 and 2019, respectively. The tax benefits realized from options exercised were approximately $11 million, $17 million and $19 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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

Potentially Dilutive Securities at NEP – NEP senior unsecured convertible notes, when outstanding, are potentially dilutive securities to NEE. In June 2021 and December 2020, NEP issued $500 million and $600 million, respectively, principal amount of new senior unsecured convertible notes. Holders of these notes may convert all or a portion of the notes in accordance with the related indenture. Upon conversion, NEP will pay cash up to the principal amount of the notes to be converted and pay or deliver, as the case may be, cash, NEP common units or a combination of cash and common units, at NEP's election, in respect of the remainder, if any, of NEP's conversion obligation in excess of the principal amount of the notes being converted.

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

Stock-Based Compensation – Net income for the years ended December 31, 2021, 2020 and 2019 includes approximately $119 million, $107 million and $100 million, respectively, of compensation costs and $19 million, $21 million and $17 million, respectively, of income tax benefits related to stock-based compensation arrangements. Compensation cost capitalized for the years ended December 31, 2021, 2020 and 2019 was not material. At December 31, 2021, there were approximately $148 million of unrecognized compensation costs related to nonvested/nonexercisable stock-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 2.8 years.

At December 31, 2021, approximately 84 million shares of common stock were authorized for awards to officers, employees and non-employee directors of NEE and its subsidiaries under NEE's: (a) 2021 Long Term Incentive Plan, (b) 2017 Non-Employee Directors Stock Plan and (c) earlier equity compensation plans under which shares are reserved for issuance under existing grants, but no additional shares are available for grant under the earlier plans. NEE satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. NEE satisfies stock option exercises by issuing new shares of its common stock. NEE generally grants most of its stock-based compensation awards in the first quarter of each year.

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

The activity in restricted stock and performance share awards for the year ended December 31, 2021 was as follows:

	Shares/Units	Weighted-Average Grant Date Fair Value Per Share/Units
Restricted Stock:		
Nonvested balance, January 1, 2021	1,674,242	$ 50.26
Granted	1,013,039	$ 82.69
Vested	(835,919)	$ 48.06
Forfeited	(33,630)	$ 69.63
Nonvested balance, December 31, 2021	1,817,732	$ 68.09
Performance Share Awards:		
Nonvested balance, January 1, 2021	1,938,608	$ 47.46
Granted	1,297,680	$ 54.82
Vested	(1,738,904)	$ 37.53
Forfeited	(85,235)	$ 64.84
Nonvested balance, December 31, 2021	1,412,149	$ 61.22

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2020 and 2019 was $68.25 and $46.64 respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2020 and 2019 was $46.09 and $34.75, respectively.

The total fair value of restricted stock and performance share awards vested was $186 million, $177 million and $125 million for the years ended December 31, 2021, 2020 and 2019, respectively.

business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In September 2020, NEE sold $2.0 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series L Debenture due September 1, 2025, issued in the principal amount of $1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than September 1, 2023 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range described in the following sentence. If purchased on the final settlement date, as of December 31, 2021, the number of shares issued per equity unit would (subject to antidilution adjustments) range from 0.6776 shares if the applicable market value of a share of NEE common stock is less than or equal to $73.79 (the adjusted reference price) to 0.5421 shares if the applicable market value of a share is equal to or greater than $92.24 (the adjusted threshold appreciation price), with the applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 29, 2023. Total annual distributions on the equity units are at the rate of 6.219%, consisting of interest on the debentures (0.509% per year) and payments under the stock purchase contracts (5.710% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2023. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

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

In January 2022, FPL sold $1.5 billion principal amount of its First Mortgage Bonds, 2.45% Series due February 3, 2032 and sold $1.0 billion principal amount of its Floating Rate Notes, Series due January 12, 2024.

14. Equity

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

	Years Ended December 31,		
	2021	2020	2019
	(millions, except per share amounts)		
Numerator – net income attributable to NEE	**$ 3,573**	$ 2,919	$ 3,769
Denominator:			
Weighted-average number of common shares outstanding – basic	**1,962.5**	1,959.0	1,927.9
Equity units, stock options, performance share awards and restricted stock[(a)]	**9.7**	9.8	14.0
Weighted-average number of common shares outstanding – assuming dilution	**1,972.2**	1,968.8	1,941.9
Earnings per share attributable to NEE:			
Basic	**$ 1.82**	$ 1.49	$ 1.95
Assuming dilution	**$ 1.81**	$ 1.48	$ 1.94

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

Common shares issuable pursuant to equity units, stock options and/or performance share awards, as well as restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 30.5 million, 27.1 million and 3.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On September 14, 2020, NEE's board of directors approved a four-for-one split of NEE common stock effective October 26, 2020. NEE's authorized common stock increased from 800 million to 3.2 billion shares. All share and share-based data included in NEE's consolidated financial statements reflect the effect of the 2020 stock split.

relate to revolving line of credit facilities and $1.0 billion (none for FPL) relate to letter of credit facilities. Certain of the revolving line of credit facilities provide for the issuance of letters of credit which at December 31, 2021 had available capacity of approximately $1.9 billion ($647 million for FPL). The issuance of letters of credit under certain revolving line of credit facilities is subject to the aggregate commitment of the relevant banks to issue letters of credit under the applicable facility.

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

In August 2019, NEECH completed a remarketing of $1.5 billion aggregate principal amount of its Series I Debentures due September 1, 2021 (Series I Debentures) that were issued in August 2016 as components of equity units issued concurrently by NEE (August 2016 equity units). The Series I Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Series I Debentures, the interest rate on the Series I Debentures was reset to 2.403% per year, and interest is payable on March 1 and September 1 of each year, commencing September 1, 2019. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the August 2016 equity units, in the third quarter of 2019, NEE issued approximately 9.5 million shares of common stock (38.2 million shares after giving effect to the four-for-one stock split of NEE common stock effective October 26, 2020 (2020 stock split) in exchange for $1.5 billion.

As a result of the 2020 stock split (and adjustments related to the dividend rate), the fixed settlement rates of NEE's three outstanding series of Corporate Units have been adjusted as described below. In addition, the Corporate Units provide that the applicable market value (as described below) for each series of Corporate Units will also be adjusted (when determined) to give effect to the 2020 stock split and certain other anti-dilution adjustments to determine the applicable settlement rate. However, for purposes of the presentation below, corresponding adjustments were instead made to the reference prices and the threshold appreciation prices for each series of Corporate Units to present the practical effect of the antidilution adjustments as of December 31, 2021.

In September 2019, NEE sold $1.5 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series J Debenture due September 1, 2024, issued in the principal amount of $1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than September 1, 2022 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range described in the following sentence. If purchased on the final settlement date, as of December 31, 2021, the number of shares issued per equity unit would (subject to antidilution adjustments) range from 0.8973 shares if the applicable market value of a share of NEE common stock is less than or equal to $55.72 (the adjusted reference price) to 0.7181 shares if the applicable market value of a share is equal to or greater than $69.66 (the adjusted threshold appreciation price), with the applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 29, 2022. Total annual distributions on the equity units are at the rate of 4.872%, consisting of interest on the debentures (2.10% per year) and payments under the stock purchase contracts (2.772% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2022. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In February 2020, NEE sold $2.5 billion of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series K Debenture due March 1, 2025, issued in the principal amount of $1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than March 1, 2023 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range described in the following sentence. If purchased on the final settlement date, as of December 31, 2021, the number of shares issued per equity unit would (subject to antidilution adjustments) range from 0.7104 shares if the applicable market value of a share of NEE common stock is less than or equal to $70.39 (the adjusted reference price) to 0.5681 shares if the applicable market value of a share is equal to or greater than $87.99 (the adjusted threshold appreciation price), with the applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending February 24, 2023. Total annual distributions on the equity units are at the rate of 5.279%, consisting of interest on the debentures (1.84% per year) and payments under the stock purchase contracts (3.439% per year). The interest rate on the debentures is expected to be reset on or after September 1, 2022. A holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third

13. Debt

Long-term debt consists of the following:

	December 31,				
	2021			2020	
	Maturity Date	Balance	Weighted-Average Interest Rate	Balance	Weighted-Average Interest Rate
		(millions)		(millions)	
FPL:					
First mortgage bonds – fixed	2023 – 2051	$ 14,290	4.20 %	$ 13,090	4.32 %
Pollution control, solid waste disposal and industrial development revenue bonds – primarily variable[a]	2022 – 2050	1,407	0.15 %	1,407	0.17 %
Senior unsecured notes – primarily variable[b][c]	2022 – 2071	2,697	1.37 %	2,621	1.55 %
Other long-term debt – variable[c]	2022 – 2046	307	0.82 %	300	0.70 %
Unamortized debt issuance costs and discount		(191)		(182)	
Total long-term debt of FPL		18,510		17,236	
Less current portion of long-term debt		536		354	
Long-term debt of FPL, excluding current portion		17,974		16,882	
NEER:					
NextEra Energy Resources:					
Senior secured limited-recourse long-term debt – variable[c][d]	2024 – 2037	3,100	1.74 %	2,621	1.99 %
Senior secured limited-recourse long-term loans – fixed	2028 – 2049	2,475	3.30 %	704	3.59 %
Other long-term debt – primarily variable[c][d]	2024 – 2048	785	2.50 %	450	2.72 %
NEET – long-term debt – primarily fixed[c]	2022 – 2049	1,151	2.69 %	937	3.09 %
Unamortized debt issuance costs and premium		(92)		(65)	
Total long-term debt of NEER		7,419		4,647	
Less current portion of long-term debt		664		239	
Long-term debt of NEER, excluding current portion		6,755		4,408	
NEECH:					
Debentures – fixed	2023 – 2052	10,990	2.21 %	11,540 [d]	2.86 %
Debentures – variable[c]	2022 – 2023	3,850	0.56 %	1,225	0.80 %
Debentures, related to NEE's equity units – fixed	2024 – 2025	6,000	1.46 %	6,000	1.46 %
Junior subordinated debentures – primarily fixed[c]	2057 – 2082	3,723	4.54 %	3,693	4.78 %
Japanese yen denominated long-term debt – primarily variable[c][d][e]	2023 – 2030	582	1.49 %	650	1.49 %
Australian dollar denominated long-term debt – fixed[e]	2026	360	2.20 %	385	2.20 %
Other long-term debt – fixed	2022	186	0.92 %	221	0.92 %
Other long-term debt – variable[c]	2023 – 2024	1,245	0.64 %	600	0.70 %
Unamortized debt issuance costs, premium		(120)		(115)	
Total long-term debt of NEECH		26,816		24,199	
Less current portion of long-term debt		585		3,545	
Long-term debt of NEECH, excluding current portion		26,231		20,654	
Total long-term debt		$ 50,960		$ 41,944	

(a) Includes variable rate tax exempt bonds that permit individual bondholders to tender the bonds for purchase at any time prior to maturity. In the event these variable rate tax exempt bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase these variable rate tax exempt bonds. At December 31, 2021, these variable rate tax exempt bonds totaled approximately $1,375 million. All variable rate tax exempt bonds tendered for purchase have been successfully remarketed. FPL's syndicated revolving credit facilities are available to support the purchase of the variable rate tax exempt bonds. Variable interest rate is established at various intervals by the remarketing agent.

(b) At December 31, 2021, includes approximately $882 million of floating rate notes that permit individual noteholders to require repayment at specified dates prior to maturity. FPL's syndicated revolving credit facilities are available to support the purchase of the floating rate notes.

(c) Variable rate is based on an underlying index plus a specified margin.

(d) Interest rate contracts, primarily swaps, have been entered into with respect to certain of these debt issuances. See Note 3.

(e) Foreign currency contracts have been entered into with respect to these debt issuances. See Note 3.

As of December 31, 2021, minimum annual maturities of long-term debt for NEE are approximately $1,785 million, $8,394 million, $3,672 million, $6,536 million and $1,322 million for 2022, 2023, 2024, 2025 and 2026, respectively. The respective amounts for FPL are approximately $536 million, $1,548 million, $646 million, $1,700 million and $0.2 million.

At December 31, 2021 and 2020, short-term borrowings had a weighted-average interest rate of 0.39% (0.27% for FPL) and 0.35% (0.28% for FPL), respectively. Subsidiaries of NEE, including FPL, had credit facilities with available capacity at December 31, 2021 of approximately $12.1 billion ($4.6 billion for FPL), of which approximately $11.1 billion ($4.6 billion for FPL)

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

	2021	2020	2019
		(millions)	
Net gains (losses) (net of $29 tax expense, $13 tax expense and $10 tax benefit, respectively)	$ 95	$ 42	$ (36)
Amortization of unrecognized losses (net of $2 tax expense and $1 tax expense, respectively)	6	5	—
Total	$ 101	$ 47	$ (36)

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

	2021	2020
	(millions)	
Prior service cost (benefit)	$ (1)	$ 1
Unrecognized gains	(226)	(89)
Amortization of prior service benefit	—	1
Amortization of unrecognized losses	(16)	(12)
Total	$ (243)	$ (99)

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

	2021	2020	2019
Discount rate	2.53 %	3.22 %	4.26 %
Salary increase	4.40 %	4.40 %	4.40 %
Expected long-term rate of return, net of investment management fees[(a)]	7.35 %	7.35 %	7.35 %
Weighted-average interest crediting rate	3.82 %	3.83 %	3.88 %

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

Employee Contribution Plan – NEE offers an employee retirement savings plan which allows eligible participants to contribute a percentage of qualified compensation through payroll deductions. NEE makes matching contributions to participants' accounts. Defined contribution expense pursuant to this plan was approximately $66 million, $64 million and $58 million for NEE ($42 million, $40 million and $40 million for FPL) for the years ended December 31, 2021, 2020 and 2019, respectively.

	December 31, 2020[a]			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity securities[b]	$ 2,017	$ 10	$ 3	$ 2,030
Equity commingled vehicles[c]	—	668	—	668
U.S. Government and municipal bonds	169	8	—	177
Corporate debt securities[d]	—	340	—	340
Asset-backed securities	—	375	—	375
Debt security commingled vehicles[e]	—	201	—	201
Convertible securities[f]	64	453	—	517
Total investments in the fair value hierarchy	$ 2,250	$ 2,055	$ 3	4,308
Total investments measured at net asset value[g]				1,006
Total fair value of plan assets				$ 5,314

(a) See Notes 3 and 4 for discussion of fair value measurement techniques and inputs.
(b) Includes foreign investments of $881 million.
(c) Includes foreign investments of $156 million.
(d) Includes foreign investments of $93 million.
(e) Includes foreign investments of $5 million.
(f) Includes foreign investments of $35 million.
(g) Includes foreign investments of $153 million.

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

2022	$ 204
2023	$ 208
2024	$ 209
2025	$ 210
2026	$ 214
2027 – 2031	$ 1,033

Net Periodic Income – The components of net periodic income for the plans are as follows:

	Pension Benefits			Postretirement Benefits		
	2021	2020	2019	2021	2020	2019
	(millions)					
Service cost	$ 90	$ 85	$ 80	$ 2	$ 1	$ 1
Interest cost	64	92	114	4	8	9
Expected return on plan assets	(339)	(321)	(312)	—	—	—
Amortization of actuarial loss	24	18	—	5	3	—
Amortization of prior service benefit	(1)	(1)	(1)	(15)	(16)	(15)
Special termination benefits	—	16	19	—	—	—
Net periodic income at NEE	$ (162)	$ (111)	$ (100)	$ (4)	$ (4)	$ (5)
Net periodic income allocated to FPL	$ (108)	$ (84)	$ (61)	$ (4)	$ (4)	$ (4)

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

	2021	2020
Discount rate[a]	2.87 %	2.53 %
Salary increase	4.90 %	4.40 %
Weighted-average interest crediting rate	3.79 %	3.82 %

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

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

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

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

	December 31, 2021[a]			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity securities[b]	$ 1,977	$ 29	$ 2	$ 2,008
Equity commingled vehicles[c]	—	889	—	889
U.S. Government and municipal bonds	131	6	—	137
Corporate debt securities[d]	—	351	—	351
Asset-backed securities	—	386	—	386
Debt security commingled vehicles[e]	—	219	—	219
Convertible securities[f]	91	489	—	580
Total investments in the fair value hierarchy	$ 2,199	$ 2,369	$ 2	4,570
Total investments measured at net asset value[g]				1,118
Total fair value of plan assets				$ 5,688

(a) See Notes 3 and 4 for discussion of fair value measurement techniques and inputs.
(b) Includes foreign investments of $927 million.
(c) Includes foreign investments of $169 million.
(d) Includes foreign investments of $109 million.
(e) Includes foreign investments of $5 million.
(f) Includes foreign investments of $41 million.
(g) Includes foreign investments of $220 million.

12. Employee Retirement Benefits

Employee Pension Plan and Other Benefits Plans – NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. NEE also has a supplemental executive retirement plan (SERP), which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees, and sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements. The total accrued benefit cost of the SERP and postretirement plans is approximately $300 million ($139 million for FPL) and $323 million ($156 million for FPL) at December 31, 2021 and 2020, respectively.

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

	2021	2020
	(millions)	
Change in pension plan assets:		
Fair value of plan assets at January 1	$ 5,314	$ 4,800
Actual return on plan assets	627	723
Benefit payments	(253)	(209)
Fair value of plan assets at December 31	$ 5,688	$ 5,314
Change in pension benefit obligation:		
Obligation at January 1	$ 3,607	$ 3,363
Service cost	90	85
Interest cost	64	92
Special termination benefit[(a)]	—	16
Plan amendments	—	1
Actuarial losses (gains) – net	(63)	259
Benefit payments	(253)	(209)
Obligation at December 31[(b)]	$ 3,445	$ 3,607
Funded status:		
Prepaid pension benefit costs at NEE at December 31	$ 2,243	$ 1,707
Prepaid pension benefit costs at FPL at December 31[(c)]	$ 1,657	$ 1,550

(a) Reflects enhanced early retirement benefit.
(b) NEE's accumulated pension benefit obligation, which includes no assumption about future salary levels, at December 31, 2021 and 2020 was approximately $3,352 million and $3,521 million, respectively.
(c) Reflects FPL's allocated benefits under NEE's pension plan.

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

	2021	2020
	(millions)	
Unrecognized prior service benefit (net of $1 tax expense and $1 tax expense, respectively)	$ 2	$ 2
Unrecognized gains (losses) (net of $7 tax expense and $24 tax benefit, respectively)	41	(60)
Total	$ 43	$ (58)

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

	2021	2020
	(millions)	
Unrecognized prior service benefit	$ (1)	$ (1)
Unrecognized losses (gains)	(80)	163
Total	$ (81)	$ 162

NEE's ROU assets obtained in exchange for operating lease obligations totaled approximately $92 million, $121 million and $450 million, respectively, and in 2019 primarily relate to leases acquired with the Gulf Power ($262 million at FPL) and Trans Bay acquisitions (see Note 6). Other operating and finance lease-related amounts were not material to NEE's consolidated statements of income for the periods presented.

NEE has operating and sales-type leases primarily related to a natural gas and oil electric generation facility and certain battery storage facilities that sell their electric output under power sales agreements to third parties which provide the customers the ability to dispatch the facilities. At December 31, 2021 and 2020, NEE recorded a net investment in sales-type leases of approximately $42 million and $47 million, respectively. At December 31, 2021, the power sales agreements have expiration dates from 2024 to 2043 and NEE expects to receive approximately $843 million of lease payments over the remaining terms of the power sales agreements with no one year being material. Operating and sales-type lease-related amounts were not material to NEE's consolidated statements of income for the periods presented.

11. Asset Retirement Obligations

NEE's AROs relate primarily to decommissioning obligations of FPL's and NEER's nuclear units and to obligations for the dismantlement of certain of NEER's wind and solar facilities. For NEE's rate-regulated operations, including FPL, the accounting provisions result in timing differences in the recognition of legal asset retirement costs for financial reporting purposes and the method the regulator allows for recovery in rates. See Note 1 – Rate Regulation and – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs.

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

	NEE	FPL
	(millions)	
Balances, December 31, 2019	$ 3,506	$ 2,410
Liabilities incurred	138	—
Accretion expense	169	103
Liabilities settled	(53)	(32)
Revision in estimated cash flows – net	(594) [a]	(545) [a]
Balances, December 31, 2020	3,166 [b]	1,936 [b]
Liabilities incurred	79	7
Accretion expense	141	78
Liabilities settled	(88) [c]	(15)
Revision in estimated cash flows – net	(119) [d]	101 [e]
Balances, December 31, 2021	$ 3,179 [b]	$ 2,107 [b]

(a) Primarily reflects the effect of revised cost estimates for decommissioning FPL's nuclear units consistent with the updated nuclear decommissioning studies filed with the FPSC in December 2020.
(b) Includes the current portion of AROs as of December 31, 2021 and 2020 of approximately $97 million ($58 million for FPL) and $109 million ($65 million for FPL), respectively, which are included in other current liabilities on NEE's and FPL's consolidated balance sheets.
(c) Includes approximately $35 million related to project sales to NEP as well as other sales of businesses and assets. See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.
(d) The increase at FPL discussed in (e) was offset primarily by the effect of revised cost estimates and useful lives of NEER's solar facilities.
(e) Primarily reflects the effect of pending license extension requests of St. Lucie Units Nos. 1 and 2 for an additional 20 years.

Restricted funds for the payment of future expenditures to decommission NEE's and FPL's nuclear units included in special use funds on NEE's and FPL's consolidated balance sheets are presented below (see Note 4 – Special Use Funds). Duane Arnold is being actively decommissioned and was granted an exemption from the NRC, which allows for use of the funds for certain other site restoration activities in addition to decommissioning obligations recorded as AROs.

	NEE	FPL
	(millions)	
Balances, December 31, 2021	$ 8,846	$ 6,082
Balances, December 31, 2020	$ 7,703	$ 5,271

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

respectively, at December 31, 2020. At December 31, 2021 and 2020, the assets and liabilities of this VIE consisted primarily of property, plant and equipment and accounts payable.

NextEra Energy Resources consolidates a VIE which has a 10% direct ownership interest in wind generation facilities and solar facilities which have the capability of producing approximately 400 MW and 599 MW, respectively. These entities sell their electric output under power sales contracts to third parties with expiration dates ranging from 2025 through 2040. These entities are also considered a VIE because the holders of differential membership interests in these entities do not have substantive rights over the significant activities of these entities. The assets and liabilities of the VIE were approximately $1,518 million and $79 million, respectively, at December 31, 2021, and $1,572 million and $393 million, respectively, at December 31, 2020. At December 31, 2021 and 2020, the assets and liabilities of this VIE consisted primarily of property, plant and equipment and accounts payable.

The other 33 NextEra Energy Resources VIEs that are consolidated primarily relate to certain subsidiaries which have sold differential membership interests in entities which own and operate wind generation as well as solar and solar plus battery storage facilities with the capability of producing a total of approximately 10,626 MW and 890 MW, respectively, and own wind generation as well as solar and solar plus battery storage facilities that, upon completion of construction, which is anticipated in the first half of 2022, are expected to have a total capacity of approximately 200 MW and 625 MW, respectively. These entities sell, or will sell, their electric output either under power sales contracts to third parties with expiration dates ranging from 2024 through 2053 or in the spot market. These entities are considered VIEs because the holders of differential membership interests do not have substantive rights over the significant activities of these entities. NextEra Energy Resources has financing obligations with respect to these entities, including third-party debt which is secured by liens against the generation facilities and the other assets of these entities or by pledges of NextEra Energy Resources' ownership interest in these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of these VIEs totaled approximately $17,419 million and $1,480 million, respectively, at December 31, 2021, and $16,180 million and $1,741 million, respectively at December 31, 2020. At December 31, 2021 and 2020, the assets and liabilities of these VIEs consisted primarily of property, plant and equipment and accounts payable. At December 31, 2021, subsidiaries of NEE had guarantees related to certain obligations of two of these consolidated VIEs.

Other – At December 31, 2021 and 2020, several NEE subsidiaries had investments totaling approximately $4,559 million ($3,799 million at FPL) and $3,704 million ($3,124 million at FPL), respectively, which are included in special use funds and noncurrent other assets on NEE's consolidated balance sheets and in special use funds on FPL's consolidated balance sheets. These investments represented primarily commingled funds and mortgage-backed securities. NEE subsidiaries, including FPL, are not the primary beneficiaries and therefore do not consolidate any of these entities because they do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

Certain subsidiaries of NEE have noncontrolling interests in entities accounted for under the equity method, including NEE's noncontrolling interest in NEP OpCo (see Note 8). These entities are limited partnerships or similar entity structures in which the limited partners or non-managing members do not have substantive rights over the significant activities of these entities, and therefore are considered VIEs. NEE is not the primary beneficiary because it does not have a controlling financial interest in these entities, and therefore does not consolidate any of these entities. NEE's investment in these entities totaled approximately $4,214 million and $3,932 million at December 31, 2021 and 2020, respectively. At December 31, 2021, subsidiaries of NEE had guarantees related to certain obligations of one of these entities, as well as commitments to invest an additional approximately $110 million in several of these entities. See further discussion of such guarantees and commitments in Note 15 – Commitments and – Contracts, respectively.

10. Leases

NEE has operating and finance leases primarily related to purchased power agreements, land use agreements that convey exclusive use of the land during the arrangement for certain of its renewable energy projects and substations, buildings and equipment. Operating and finance leases primarily have fixed payments with expected expiration dates ranging from 2022 to 2083, with the exception of operating leases related to three land use agreements with an expiration date of 2106, some of which include options to extend the leases up to 20 years and some have options to terminate at NEE's discretion. At December 31, 2021, NEE's ROU assets and lease liabilities for operating leases totaled approximately $547 million and $555 million, respectively; the respective amounts at December 31, 2020 were $535 million and $541 million. At December 31, 2021, NEE's ROU assets and lease liabilities for finance leases totaled approximately $205 million and $200 million, respectively; the respective amounts at December 31, 2020 were $128 million and $124 million. NEE's lease liabilities at December 31, 2021 and 2020 were calculated using a weighted-average incremental borrowing rate at the lease inception of 3.57% and 3.81%, respectively, for operating leases and 3.52% and 3.50%, respectively, for finance leases, and a weighted-average remaining lease term of 39 years and 33 years, respectively, for operating leases and 31 years and 25 years, respectively, for finance leases. At December 31, 2021, expected lease payments over the remaining terms of the leases were approximately $1.4 billion with no one year being material. NEE's operating lease cost for the years ended December 31, 2021, 2020 and 2019 totaled approximately $92 million, $95 million and $91 million, respectively. During the year ended December 31, 2021, 2020 and 2019,

Summarized combined information for these principal entities is as follows:

	2021	2020
	(millions)	
Operating revenue	$ 1,469	$ 1,359
Operating income	$ 559	$ 538
Net income	$ 739	$ 516
Total assets	$ 29,537	$ 22,717
Total liabilities	$ 9,501	$ 6,612
Partners'/members' equity[a]	$ 20,036	$ 16,105
NEE's share of underlying equity in the principal entities	$ 4,352	$ 3,927
Difference between investment carrying amount and underlying equity in net assets[b]	1,133	1,312
NEE's investment carrying amount for the principal entities	$ 5,485	$ 5,239

(a) Reflects NEE's interest, as well as third-party interests, in NEP OpCo.

(b) Approximately $2.6 billion in 2021 and $2.8 billion in 2020 is associated with NEP OpCo, of which approximately 75% and 70%, respectively, relates to goodwill and is not being amortized and the remaining balance is being amortized primarily over a period of 17 to 25 years. The difference for both years is net of an approximately $1.5 billion impairment charge in 2020 related to NextEra Energy Resources' investment in Mountain Valley Pipeline. In the first quarter of 2022, NextEra Energy Resources recorded an additional impairment charge to completely write off its investment in Mountain Valley Pipeline. See Note 4 – Nonrecurring Fair Value Measurements for a discussion of the impairment charges.

NextEra Energy Resources provides operational, management and administrative services as well as transportation and fuel management services to NEP and its subsidiaries under various agreements (service agreements). NextEra Energy Resources is also party to a cash sweep and credit support (CSCS) agreement with a subsidiary of NEP. At December 31, 2021 and 2020, the cash sweep amounts (due to NEP and its subsidiaries) held in accounts belonging to NextEra Energy Resources or its subsidiaries were approximately $57 million and $10 million, respectively, and are included in accounts payable. Fee income related to the CSCS agreement and the service agreements totaled approximately $148 million, $120 million and $101 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is included in operating revenues in NEE's consolidated statements of income. Amounts due from NEP of approximately $113 million and $68 million are included in other receivables and $40 million and $32 million are included in noncurrent other assets at December 31, 2021 and 2020, respectively. See also Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests for amounts due to NEP for reimbursement of construction-related costs. NEECH or NextEra Energy Resources guaranteed or provided indemnifications, letters of credit or surety bonds totaling approximately $3,778 million at December 31, 2021 primarily related to obligations on behalf of NEP's subsidiaries with maturity dates ranging from 2022 to 2059, including certain project performance obligations, obligations under financing and interconnection agreements and obligations, primarily incurred and future construction payables, associated with the December 2021 sale of projects to NEP (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests). Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded on NEE's consolidated balance sheets at fair value. At December 31, 2021, approximately $41 million related to the fair value of the credit support provided under the CSCS agreement is recorded as noncurrent other liabilities on NEE's consolidated balance sheet.

9. Variable Interest Entities (VIEs)

NEER – At December 31, 2021, NEE consolidates a number of VIEs within the NEER segment. Subsidiaries within the NEER segment are considered the primary beneficiary of these VIEs since they control the most significant activities of these VIEs, including operations and maintenance, and they have the obligation to absorb expected losses of these VIEs.

Eight indirect subsidiaries of NextEra Energy Resources have an ownership interest ranging from approximately 50% to 67% in entities which own and operate solar facilities with the capability of producing a total of approximately 772 MW. Each of the subsidiaries is considered a VIE since the non-managing members have no substantive rights over the managing members, and is consolidated by NextEra Energy Resources. These entities sell their electric output to third parties under power sales contracts with expiration dates ranging from 2035 through 2052. These entities have third-party debt which is secured by liens against the assets of the entities. The debt holders have no recourse to the general credit of NextEra Energy Resources for the repayment of debt. The assets and liabilities of these VIEs were approximately $1,851 million and $1,258 million, respectively, at December 31, 2021. There were three of these consolidated VIEs at December 31, 2020, and the assets and liabilities of those VIEs at such date totaled approximately $751 million and $607 million, respectively. At December 31, 2021 and 2020, the assets and liabilities of these VIEs consisted primarily of property, plant and equipment and long-term debt.

NEE consolidates a NEET VIE that is constructing an approximately 280-mile electricity transmission line. A NEET subsidiary is the primary beneficiary and controls the most significant activities during the construction period, including controlling the construction budget. NEET is entitled to receive 50% of the profits and losses of the entity. The assets and liabilities of the VIE totaled approximately $614 million and $64 million, respectively, at December 31, 2021, and $423 million and $68 million,

respective amounts at December 31, 2020 were 47%, 12%, 35% and 6%. Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The weighted annual composite depreciation and amortization rate for FPL's electric plant in service, including capitalized software, but excluding the effects of decommissioning, dismantlement and the depreciation adjustments discussed in the following sentence, was approximately 3.8%, 3.8% and 3.9% for 2021, 2020 and 2019, respectively. In accordance with the 2016 rate agreement (see Note 1 – Rate Regulation – Base Rates Effective January 2017 through December 2021), FPL recorded reserve amortization (reversal) of approximately $429 million, $(1) million and $(357) million in 2021, 2020 and 2019, respectively. During each of 2021, 2020 and 2019, the FPL segment capitalized AFUDC at a rate of 6.22%, which amounted to approximately $124 million, $79 million and $80 million, respectively. During each of 2021, 2020 and 2019, Gulf Power capitalized AFUDC at a rate of 5.73%, which amounted to approximately $53 million, $38 million and $6 million, respectively.

NEER – At December 31, 2021, wind, solar and nuclear plants represented approximately 53%, 14% and 8%, respectively, of NEER's depreciable electric plant in service and other property; the respective amounts at December 31, 2020 were 55%, 13% and 8%. The estimated useful lives of NEER's plants range primarily from 30 to 35 years for wind plants, 30 to 35 years for solar plants and 23 to 47 years for nuclear plants. NEER's oil and gas production assets represented approximately 14% and 14% of NEER's depreciable electric plant in service and other property at December 31, 2021 and 2020, respectively. A number of NEER's generation, regulated transmission and pipeline facilities are encumbered by liens securing various financings. The net book value of NEER's assets serving as collateral was approximately $13.5 billion at December 31, 2021. Interest capitalized on construction projects amounted to approximately $139 million, $168 million and $135 million during 2021, 2020 and 2019, respectively.

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

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

	December 31, 2021			
	Ownership Interest	Gross Investment[a]	Accumulated Depreciation[a]	Construction Work In Progress
		(millions)		
FPL:				
St. Lucie Unit No. 2	85 %	$ 2,284	$ 1,044	$ 90
Daniel Units Nos. 1 and 2[b]	50 %	$ 759	$ 274	$ 16
Scherer Unit No. 3[c]	25 %	$ 449	$ 204	$ 3
NEER:				
Seabrook	88.23 %	$ 1,330	$ 453	$ 58
Wyman Station Unit No. 4	91.19 %	$ 30	$ 11	$ —
Stanton	65 %	$ 139	$ 19	$ —
Transmission substation assets located in Seabrook, New Hampshire	88.23 %	$ 114	$ 8	$ 22

(a) Excludes nuclear fuel.
(b) FPL intends to retire its share of these units in 2024. Net book value is reflected in other property on NEE's and FPL's consolidated balance sheets.
(c) Together with its joint interest owner, FPL intends to retire this unit in 2028. Net book value is reflected in other property on NEE's and FPL's consolidated balance sheets.

8. Equity Method Investments

At December 31, 2021 and 2020, NEE's equity method investments totaled approximately $6,159 million and $5,728 million, respectively. The principal entities included in investment in equity method investees on NEE's consolidated balance sheets are NEP OpCo, Sabal Trail Transmission, LLC (Sabal Trail) (see Note 15 – Contracts), Mountain Valley Pipeline (see Note 15 – Contracts), and Silver State South Solar, LLC. NEE's interest in these entities range from approximately 32% to 55%, and these entities own or are constructing natural gas pipelines or own electric generation facilities.

Other at NEE. Goodwill associated with the Gulf Power Company acquisition is reflected within Corporate and Other at FPL and, for impairment testing, is included in the Gulf Power reporting unit. The assets acquired and liabilities assumed by FPL were at carrying amounts as the merger was between entities under common control.

Trans Bay Cable LLC – On July 16, 2019, a wholly owned subsidiary of NEET acquired the membership interests of Trans Bay Cable LLC (Trans Bay), which owns and operates a 53-mile, high-voltage direct current underwater transmission cable system in California extending from Pittsburg to San Francisco, with utility rates set by the FERC and revenues paid by the California Independent System Operator. The purchase price included approximately $670 million in cash consideration and the assumption of debt of approximately $422 million.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair value. The approval by the FERC of Trans Bay's rates, which is intended to allow Trans Bay to collect total revenues equal to Trans Bay's costs for the development, financing, construction, operation and maintenance of Trans Bay, including a reasonable rate of return on invested capital, is considered a fundamental input in measuring the fair value of Trans Bay's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates are representative of their fair values. As a result, NEE acquired assets of approximately $703 million, primarily relating to property, plant and equipment, and assumed liabilities of approximately $643 million, primarily relating to long-term debt. The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately $610 million of goodwill which has been recognized on NEE's consolidated balance sheet, of which approximately $572 million is expected to be deductible for tax purposes. Goodwill associated with the Trans Bay acquisition is reflected within NEER and, for impairment testing, is included in the rate-regulated transmission reporting unit. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses.

GridLiance – On March 31, 2021, a wholly owned subsidiary of NEET acquired GridLiance Holdco, LP and GridLiance GP, LLC (GridLiance), which owns and operates three FERC-regulated transmission utilities with approximately 700 miles of high-voltage transmission lines across six states, five in the Midwest and Nevada. The purchase price included approximately $502 million in cash consideration, and the assumption of approximately $175 million of debt, excluding post-closing adjustments.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair value. The approval by the FERC of GridLiance's rates, which is intended to allow GridLiance to collect total revenues equal to GridLiance's costs for the development, financing, construction, operation and maintenance of GridLiance, including a reasonable rate of return on invested capital, is considered a fundamental input in measuring the fair value of GridLiance's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates are representative of their fair values. As a result, NEE acquired assets of approximately $384 million, primarily relating to property, plant and equipment, and assumed liabilities of approximately $210 million, primarily relating to long-term debt. The acquisition agreements are subject to earn-out provisions for additional payments, valued at approximately $264 million at March 31, 2021, to be made upon the completion of capital expenditures for future development projects (see Note 4 – Contingent Consideration). The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately $592 million of goodwill which has been recognized on NEE's consolidated balance sheet at December 31, 2021, of which approximately $586 million is expected to be deductible for tax purposes. Goodwill associated with the GridLiance acquisition is reflected within NEER and, for impairment testing, is included in the rate-regulated transmission reporting unit. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses. The valuation of the acquired net assets is subject to change as additional information related to the estimates is obtained during the measurement period.

7. Property, Plant and Equipment

Property, plant and equipment consists of the following at December 31:

	NEE		FPL	
	2021	2020	**2021**	2020
	(millions)			
Electric plant in service and other property	**$ 112,500**	$ 105,860	**$ 67,771**	$ 62,963
Nuclear fuel	**1,606**	1,604	**1,170**	1,143
Construction work in progress	**14,141**	10,639	**6,326**	5,361
Property, plant and equipment, gross	**128,247**	118,103	**75,267**	69,467
Accumulated depreciation and amortization	**(28,899)**	(26,300)	**(17,040)**	(15,588)
Property, plant and equipment – net	**$ 99,348**	$ 91,803	**$ 58,227**	$ 53,879

FPL – At December 31, 2021, FPL's gross investment in electric plant in service and other property for the electric generation, transmission, distribution and general facilities of FPL represented approximately 46%, 13%, 35% and 6%, respectively; the

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	2021	2020
	(millions)			
Noncurrent other assets	$ 196	$ 191	$ —	$ —
Deferred income taxes – noncurrent liabilities	(8,310)	(8,020)	(7,137)	(6,519)
Net deferred income taxes	$ (8,114)	$ (7,829)	$ (7,137)	$ (6,519)

The components of NEE's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2021 are as follows:

	Amount	Expiration Dates
	(millions)	
Net operating loss carryforwards:		
Federal	$ 51 [(a)]	2034 – 2038
State	264	2022 – 2041
Foreign	15	2022 – 2041
Net operating loss carryforwards	$ 330	
Tax credit carryforwards:		
Federal	$ 4,296	2030 – 2041
State	345 [(b)]	2022 – 2046
Foreign	5	2035 – 2041
Tax credit carryforwards	$ 4,646	

(a) Includes $49 million of net operating loss carryforwards with an indefinite expiration period.
(b) Includes $191 million of ITC carryforwards with an indefinite expiration period.

6. Acquisitions

Gulf Power Company – On January 1, 2019, NEE acquired the outstanding common shares of Gulf Power Company, a rate-regulated electric utility under the jurisdiction of the FPSC, which served approximately 470,000 customers in eight counties throughout northwest Florida, had approximately 9,500 miles of transmission and distribution lines and owned approximately 2,300 MW of net generating capacity. The purchase price included approximately $4.44 billion in cash consideration and the assumption of approximately $1.3 billion of Gulf Power debt.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on January 1, 2019 based on their fair value. The approval by the FPSC of Gulf Power's rates, which were intended to allow Gulf Power to collect from retail customers total revenues equal to Gulf Power's costs of providing service, including a reasonable rate of return on invested capital, was considered a fundamental input in measuring the fair value of Gulf Power's assets and liabilities and, as such, NEE concluded that the carrying values of all assets and liabilities recoverable through rates were representative of their fair values. As a result, NEE acquired assets of approximately $5.2 billion, primarily relating to property, plant and equipment of $4.0 billion and regulatory assets of $494 million, and assumed liabilities of approximately $3.4 billion, including $1.3 billion of long-term debt, $635 million of regulatory liabilities and $562 million of deferred income taxes. The excess of the purchase price over the fair value of assets acquired and liabilities assumed resulted in approximately $2.7 billion of goodwill which had been recognized on NEE's consolidated balance sheet. The goodwill arising from the transaction represents expected benefits from continued expansion of NEE's regulated businesses and the indefinite life of Gulf Power's service area franchise.

Merger of FPL and Gulf Power Company – On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. See Note 16. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE. See Note 1 – Rate Regulation – Base Rates Effective January 2022 through December 2025. As a result of the merger, FPL acquired assets of approximately $6.7 billion, primarily relating to property, plant and equipment, net of approximately $4.9 billion and regulatory assets of $1.2 billion, and assumed liabilities of approximately $3.9 billion, including $1.8 billion of debt, primarily long-term debt, $729 million of deferred income taxes and $566 million of regulatory liabilities. Additionally, goodwill of approximately $2.7 billion and purchase accounting adjustments associated with the 2019 Gulf Power Company acquisition by NEE were transferred to FPL from Corporate and

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

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
Statutory federal income tax rate	**21.0 %**	21.0 %	21.0 %	**21.0 %**	21.0 %	21.0 %
Increases (reductions) resulting from:						
State income taxes – net of federal income tax benefit[a]	**1.6**	2.8	3.4	**4.1**	4.2	3.5
Taxes attributable to noncontrolling interests	**5.0**	4.8	2.1	**—**	—	—
PTCs and ITCs – NEER	**(10.3)**	(11.8)	(7.2)	**—**	—	—
Amortization of deferred regulatory credit[b]	**(4.4)**	(7.2)	(6.2)	**(3.5)**	(4.9)	(8.0)
Foreign operations[c]	**0.2**	(2.4)	—	**—**	—	—
Other – net	**(2.1)**	(5.4)	(1.4)	**(0.9)**	(1.3)	(0.4)
Effective income tax rate	**11.0 %**	1.8 %	11.7 %	**20.7 %**	19.0 %	16.1 %

(a) NEE's 2019 amount reflects a valuation allowance of approximately $48 million related to deferred state tax credits.
(b) 2019 reflects an adjustment of approximately $83 million recorded by FPL to reduce income tax expense for the cumulative amortization of excess deferred income taxes from January 1, 2018 as a result of the FPSC's order in connection with its review of impacts associated with the Tax Cuts and Jobs Act. One of the provisions of the order requires FPL to amortize approximately $870 million of its excess deferred income taxes over a period not to exceed ten years.
(c) The 2020 gain on sale of the Spain solar projects was not taxable for federal and state income tax purposes (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests).

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	**2021**	2020
	(millions)			
Deferred tax liabilities:				
Property-related	**$ 10,018**	$ 10,065	**$ 7,831**	$ 7,548
Pension	**564**	437	**425**	394
Investments in partnerships and joint ventures	**2,783**	2,238	**3**	3
Other	**2,092**	1,730	**1,232**	862
Total deferred tax liabilities	**15,457**	14,470	**9,491**	8,807
Deferred tax assets and valuation allowance:				
Decommissioning reserves	**296**	290	**296**	290
Net operating loss carryforwards	**330**	299	**2**	3
Tax credit carryforwards	**4,646**	3,859	**182**	4
ARO and accrued asset removal costs	**199**	347	**126**	272
Regulatory liabilities	**1,421**	1,380	**1,397**	1,356
Other	**733**	755	**351**	363
Valuation allowance[a]	**(282)**	(289)	**—**	—
Net deferred tax assets	**7,343**	6,641	**2,354**	2,288
Net deferred income taxes	**$ 8,114**	$ 7,829	**$ 7,137**	$ 6,519

(a) Reflects valuation allowances related to deferred state tax credits and state operating loss carryforwards.

earnings (losses) of equity method investees in NEE's consolidated statements of income for the year ended December 31, 2020.

The fair value estimate was based on a probability-weighted earnings before interest, taxes, depreciation and amortization (EBITDA) multiple valuation technique using a market participant view of the potential different outcomes for the investment. As part of the valuation, NextEra Energy Resources used observable inputs where available, including the EBITDA multiples of recent pipeline transactions. Significant unobservable inputs (Level 3), including the probabilities assigned to the different potential outcomes, the forecasts of operating revenues and costs, and the projected capital expenditures to complete the project, were also used in the estimation of fair value. An increase in the revenue forecasts, a decrease in the projected operating or capital expenditures or an increase in the probability assigned to the full pipeline being completed would result in an increased fair market value. Changes in the opposite direction of those unobservable inputs would result in a decreased fair market value.

On February 2, 2022, the U.S. Court of Appeals for the Fourth Circuit (the 4th Circuit) vacated and remanded Mountain Valley Pipeline's Biological Opinion issued by the U.S. Fish and Wildlife Service. While NextEra Energy Resources continues to evaluate options and next steps with its joint venture partners, this event along with the 4th Circuit vacatur and remand of the U.S. Forest Service right-of-way grant on January 25, 2022 caused NextEra Energy Resources to re-evaluate its investment in Mountain Valley Pipeline for further other-than-temporary impairment, which evaluation coincided with the preparation of NEE's December 31, 2021 financial statements. As a result of this evaluation, it was determined that the continued legal and regulatory challenges have resulted in a very low probability of pipeline completion. Accordingly, NextEra Energy Resources updated its fair value estimate using the same probability-weighted EBITDA multiple valuation technique using a market participant view of the potential different outcomes for the investment as discussed above. Based on this fair value analysis, NextEra Energy Resources recorded an impairment charge in the first quarter of 2022 of approximately $0.8 billion ($0.6 billion after tax). This impairment charge resulted in the complete write off of NextEra Energy Resources' equity method investment carrying amount of approximately $0.6 billion, as well as the recording of a liability of approximately $0.2 billion which reflects NextEra Energy Resources' share of estimated future ARO costs.

5. Income Taxes

The components of income taxes are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Federal:						
Current	**$ (26)**	$ 105	$ 167	**$ 85**	$ 16	$ 390
Deferred	**311**	(148)	115	**545**	474	(41)
Total federal	**285**	(43)	282	**630**	490	349
State:						
Current	**(62)**	18	23	**1**	32	50
Deferred	**125**	69	143	**207**	156	85
Total state	**63**	87	166	**208**	188	135
Total income taxes	**$ 348**	$ 44	$ 448	**$ 838**	$ 678	$ 484

Unrealized gains (losses) recognized on equity securities held at December 31, 2021, 2020 and 2019 are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Unrealized gains	**$ 981**	$ 627	$ 780	**$ 652**	$ 444	$ 510

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

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	**2021**	2020	2019
	(millions)					
Realized gains	**$ 78**	$ 110	$ 68	**$ 59**	$ 83	$ 44
Realized losses	**$ 73**	$ 70	$ 48	**$ 57**	$ 56	$ 29
Proceeds from sale or maturity of securities	**$ 1,831**	$ 2,541	$ 3,005	**$ 1,330**	$ 2,162	$ 2,539

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	**2021**	2020
	(millions)			
Unrealized gains	**$ 76**	$ 134	**$ 63**	$ 104
Unrealized losses[a]	**$ 19**	$ 9	**$ 15**	$ 9
Fair value	**$ 1,100**	$ 201	**$ 857**	$ 150

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at December 31, 2021 and 2020 were not material to NEE or FPL.

Regulations issued by the FERC and the NRC provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit, among other investments, investments in any securities of NEE or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NEER's nuclear plants are included in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for Seabrook, decommissioning fund contributions and withdrawals are also regulated by the NDFC pursuant to New Hampshire law.

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

Nonrecurring Fair Value Measurements – NEE tests its equity method investments for impairment whenever events or changes in circumstances indicate that the investment may be impaired. During the preparation of NEE's December 31, 2020 financial statements, it was determined that NextEra Energy Resources' investment in Mountain Valley Pipeline, LLC (Mountain Valley Pipeline) accounted for under the equity method of accounting was other-than-temporarily impaired. The impairment is the result of continued legal and regulatory challenges that have resulted in substantial delays in achieving commercial operation and increased costs to complete construction. More specifically at the end of 2020 and into early 2021, developments in the legal, regulatory and political environment caused NextEra Energy Resources to consider the investment impaired and the impairment to be other than temporary. The challenges included legal challenges to the various permits needed to complete construction and the regulatory approvals received, regulatory challenges related to alternative construction plans and the extended construction period, and the political and environmental challenges with the construction of an interstate pipeline. Accordingly, NextEra Energy Resources performed a fair value analysis based on the market approach to determine the amount of the impairment. The challenges to complete construction and the resulting economic outlook for the pipeline were considered in determining the magnitude of the other-than-temporary impairment. Based on the fair value analysis, the equity method investment with a carrying amount of approximately $1.9 billion was written down to its estimated fair value of approximately $400 million as of December 31, 2020, resulting in an impairment charge of $1.5 billion (or $1.2 billion after tax), which is recorded in equity in

Contingent Consideration – At December 31, 2021, NEER had approximately $261 million of contingent consideration liabilities which are included in noncurrent other liabilities on NEE's consolidated balance sheet. The liabilities relate to contingent consideration for the completion of capital expenditures for future development projects in connection with the acquisition of GridLiance Holdco, LP and GridLiance GP, LLC (see Note 6 – GridLiance). NEECH guarantees the contingent consideration obligations under the GridLiance acquisition agreements. Significant inputs and assumptions used in the fair value measurement, some of which are Level 3 and require judgement, include the projected timing and amount of future cash flows, estimated probability of completing future development projects as well as discount rates.

Fair Value of Financial Instruments Recorded at Other than Fair Value – The carrying amounts of commercial paper and other short-term debt approximate their fair values. The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

	December 31, 2021		December 31, 2020	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds[a]	$ 906	$ 907	$ 919	$ 920
Other investments[b]	$ 102	$ 102	$ 29	$ 29
Long-term debt, including current portion	$ 52,745	$ 57,290 [c]	$ 46,082	$ 51,525 [c]
FPL:				
Special use funds[a]	$ 672	$ 672	$ 718	$ 719
Long-term debt, including current portion	$ 18,510	$ 21,379 [c]	$ 17,236	$ 21,178 [c]

(a) Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis (Level 2).
(b) Included in noncurrent other assets on NEE's consolidated balance sheets.
(c) At December 31, 2021 and 2020, substantially all is Level 2 for NEE and FPL.

Special Use Funds – The special use funds noted above and those carried at fair value (see Recurring Non-Derivative Fair Value Measurements above) consist of NEE's nuclear decommissioning fund assets of approximately $8,846 million and $7,703 million at December 31, 2021 and 2020, respectively, ($6,082 million and $5,271 million, respectively, for FPL) and FPL's storm fund assets of $76 million and $76 million at December 31, 2021 and 2020, respectively. The investments held in the special use funds consist of equity and available for sale debt securities which are primarily carried at estimated fair value. The amortized cost of debt securities is approximately $2,438 million and $2,009 million at December 31, 2021 and 2020, respectively ($1,877 million and $1,521 million, respectively, for FPL). Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at December 31, 2021 of approximately eight years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at December 31, 2021 of approximately one year. The cost of securities sold is determined using the specific identification method.

Effective January 1, 2020, NEE and FPL adopted an accounting standards update that provides a modified version of the other-than-temporary impairment model for debt securities. The new available for sale debt security impairment model no longer allows consideration of the length of time during which the fair value has been less than its amortized cost basis when determining whether a credit loss exists. Credit losses are required to be presented as an allowance rather than as a write-down of securities not intended to be sold or required to be sold. NEE and FPL adopted this model prospectively. See Note 1 – Measurement of Credit Losses on Financial Instruments.

For FPL's special use funds, changes in fair value of debt and equity securities, including any estimated credit losses of debt securities, result in a corresponding adjustment to the related regulatory asset or liability accounts, consistent with regulatory treatment. For NEE's non-rate regulated operations, changes in fair value of debt securities result in a corresponding adjustment to OCI, except for estimated credit losses and unrealized losses on debt securities intended or required to be sold prior to recovery of the amortized cost basis, which are recognized in other – net in NEE's consolidated statements of income. Changes in fair value of equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net in NEE's consolidated statements of income.

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

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
		(millions)		
Assets:				
Cash equivalents and restricted cash equivalents:[a]				
NEE – equity securities	$ 176	$ —	$ —	$ 176
FPL – equity securities	$ 58	$ —	$ —	$ 58
Special use funds:[b]				
NEE:				
Equity securities	$ 2,538	$ 2,973 [c]	$ —	$ 5,511
U.S. Government and municipal bonds	$ 770	$ 75	$ —	$ 845
Corporate debt securities	$ 7	$ 955	$ —	$ 962
Mortgage-backed securities	$ —	$ 431	$ —	$ 431
Other debt securities	$ 2	$ 265	$ —	$ 267
FPL:				
Equity securities	$ 862	$ 2,690 [c]	$ —	$ 3,552
U.S. Government and municipal bonds	$ 624	$ 44	$ —	$ 668
Corporate debt securities	$ 6	$ 720	$ —	$ 726
Mortgage-backed securities	$ —	$ 313	$ —	$ 313
Other debt securities	$ 2	$ 225	$ —	$ 227
Other investments:[d]				
NEE:				
Equity securities	$ 70	$ 2	$ —	$ 72
Debt securities	$ 111	$ 162	$ 12	$ 285
FPL – equity securities	$ 13	$ —	$ —	$ 13

(a) Includes restricted cash equivalents of approximately $56 million ($53 million for FPL) in current other assets on the consolidated balance sheets.
(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
(c) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
(d) Included in noncurrent other assets on NEE's and FPL's consolidated balance sheets.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
		(millions)		
Assets:				
Cash equivalents and restricted cash equivalents:[a]				
NEE – equity securities	$ 742	$ —	$ —	$ 742
FPL – equity securities	$ 137	$ —	$ —	$ 137
Special use funds:[b]				
NEE:				
Equity securities	$ 2,237	$ 2,489 [c]	$ —	$ 4,726
U.S. Government and municipal bonds	$ 590	$ 127	$ —	$ 717
Corporate debt securities	$ 1	$ 870	$ —	$ 871
Mortgage-backed securities	$ —	$ 422	$ —	$ 422
Other debt securities	$ —	$ 124	$ —	$ 124
FPL:				
Equity securities	$ 752	$ 2,260 [c]	$ —	$ 3,012
U.S. Government and municipal bonds	$ 449	$ 87	$ —	$ 536
Corporate debt securities	$ —	$ 627	$ —	$ 627
Mortgage-backed securities	$ —	$ 335	$ —	$ 335
Other debt securities	$ —	$ 119	$ —	$ 119
Other investments:[d]				
NEE:				
Equity securities	$ 62	$ —	$ —	$ 62
Debt securities	$ 91	$ 127	$ —	$ 218
FPL - equity securities	$ 12	$ —	$ —	$ 12

(a) Includes restricted cash equivalents of approximately $111 million ($91 million for FPL) in current other assets and $42 million ($42 million for FPL) in noncurrent other assets on the consolidated balance sheets.
(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at Other than Fair Value below.
(c) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.
(d) Included in noncurrent other assets on NEE's and FPL's consolidated balance sheets.

Commodity Type	December 31, 2021				December 31, 2020			
	NEE		FPL		NEE		FPL	
	(millions)							
Power	(103)	MWh	—		(90)	MWh	—	
Natural gas	(1,290)	MMBtu	91	MMBtu	(607)	MMBtu	87	MMBtu
Oil	(33)	barrels	—		(6)	barrels	—	

At December 31, 2021 and 2020, NEE had interest rate contracts with a notional amount of approximately $11.2 billion and a net notional amount of approximately $10.5 billion, respectively, and foreign currency contracts with a notional amount of approximately $1.0 billion and $1.0 billion, respectively.

Credit-Risk-Related Contingent Features – Certain derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At December 31, 2021 and 2020, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $4.1 billion ($12 million for FPL) and $1.9 billion ($3 million for FPL), respectively.

If the credit-risk-related contingent features underlying these derivative agreements were triggered, certain subsidiaries of NEE, including FPL, could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain derivative contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and NEECH's credit ratings were downgraded to BBB/Baa2 (a three level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately $645 million (none at FPL) and $80 million (none at FPL) at December 31, 2021 and 2020, respectively. If FPL's and NEECH's credit ratings were downgraded to below investment grade, applicable NEE subsidiaries would be required to post additional collateral such that the total posted collateral would be approximately $2.7 billion ($35 million at FPL) and $1.2 billion ($75 million at FPL) at December 31, 2021 and 2020, respectively. Some derivative contracts do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, applicable NEE subsidiaries could be required to post additional collateral of up to approximately $1,040 million ($145 million at FPL) and $880 million ($75 million at FPL) at December 31, 2021 and 2020, respectively.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At December 31, 2021 and 2020, applicable NEE subsidiaries have posted approximately $84 million (none at FPL) and $2 million (none at FPL), respectively, in cash and $1,060 million (none at FPL) and $66 million (none at FPL), respectively, in the form of letters of credit each of which could be applied toward the collateral requirements described above. FPL and NEECH have capacity under their credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

4. Non-Derivative Fair Value Measurements

Non-derivative fair value measurements consist of NEE's and FPL's cash equivalents and restricted cash equivalents, special use funds and other investments. The fair value of these financial assets is determined by using the valuation techniques and inputs as described in Note 3 – Fair Value Measurements of Derivative Instruments as well as below.

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

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

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

	Years Ended December 31,					
	2021		2020		2019	
	NEE	FPL	NEE	FPL	NEE	FPL
	(millions)					
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	$ 1,374	$ (1)	$ 1,207	$ (8)	$ 647	$ (36)
Realized and unrealized gains (losses):						
Included in earnings[a]	(1,488)	—	547	—	923	—
Included in other comprehensive income (loss)[b]	—	—	1	—	5	—
Included in regulatory assets and liabilities	8	8	2	2	1	1
Purchases	243	—	191	—	141	—
Sales[c]	—	—	114	—	—	—
Settlements	259	1	(562)	6	(356)	25
Issuances	(196)	—	(123)	—	(87)	—
Transfers in[d]	2	—	18	(1)	(5)	—
Transfers out[d]	(32)	—	(21)	—	(62)	2
Fair value of net derivatives based on significant unobservable inputs at December 31	$ 170	$ 8	$ 1,374	$ (1)	$ 1,207	$ (8)
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to derivatives held at the reporting date[e]	$ (924)	$ —	$ 317	$ —	$ 611	$ —

(a) For the years ended December 31, 2021, 2020 and 2019, realized and unrealized gains (losses) of approximately $(1,488) million, $569 million and $956 million are included in the consolidated statements of income in operating revenues and the balance is included in interest expense.
(b) Included in net unrealized gains (losses) on foreign currency translation in the consolidated statements of comprehensive income.
(c) See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.
(d) Transfers into Level 3 were a result of decreased observability of market data. Transfers from Level 3 to Level 2 were a result of increased observability of market data.
(e) For the years ended December 31, 2021, 2020 and 2019, unrealized gains (losses) of approximately $(924) million, $317 million and $638 million are included in the consolidated statements of income in operating revenues and the balance is included in interest expense.

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

	Years Ended December 31,		
	2021	2020	2019
	(millions)		
Commodity contracts[a] – operating revenues	$ (2,710)	$ 352	$ 762
Foreign currency contracts – interest expense	(89)	8	(7)
Interest rate contracts – interest expense	264	(421)	(699)
Losses reclassified from AOCI:			
Interest rate contracts[b]	(7)	(35)	(32)
Foreign currency contracts – interest expense	(3)	(3)	(4)
Total	$ (2,545)	$ (99)	$ 20

(a) For the years ended December 31, 2021, 2020 and 2019, FPL recorded gains of approximately $7 million, $6 million and $9 million, respectively, related to commodity contracts as regulatory liabilities on its consolidated balance sheets.
(b) For the year ended December 31, 2020, approximately $23 million was reclassified to gains on disposal of businesses/assets – net (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests); remaining balances were reclassified to interest expense on NEE's consolidated statements of income.

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

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at December 31, 2021 are as follows:

Transaction Type	Fair Value at December 31, 2021		Valuation Technique(s)	Significant Unobservable Inputs	Range	Weighted-average[a]
	Assets	Liabilities				
	(millions)					
Forward contracts – power	$ 433	$ 204	Discounted cash flow	Forward price (per MWh[b])	$(5) — $140	$37
Forward contracts – gas	191	31	Discounted cash flow	Forward price (per MMBtu[c])	$2 — $15	$3
Forward contracts – congestion	29	8	Discounted cash flow	Forward price (per MWh[b])	$(10) — $45	$—
Options – power	52	(1)	Option models	Implied correlations	32% — 86%	52%
				Implied volatilities	8% — 368%	81%
Options – primarily gas	356	347	Option models	Implied correlations	32% — 86%	52%
				Implied volatilities	17% — 295%	36%
Full requirements and unit contingent contracts	200	566	Discounted cash flow	Forward price (per MWh[b])	$2 — $308	$64
				Customer migration rate[d]	—% — 19%	2%
Forward contracts – other	140	76				
Total	$ 1,401	$ 1,231				

(a) Unobservable inputs were weighted by volume.
(b) Megawatt-hours
(c) One million British thermal units
(d) Applies only to full requirements contracts.

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

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Forward price	Purchase power/gas	Increase (decrease)
	Sell power/gas	Decrease (increase)
Implied correlations	Purchase option	Decrease (increase)
	Sell option	Increase (decrease)
Implied volatilities	Purchase option	Increase (decrease)
	Sell option	Decrease (increase)
Customer migration rate	Sell power[a]	Decrease (increase)

(a) Assumes the contract is in a gain position.

	December 31, 2020				
	Level 1	Level 2	Level 3	Netting[a]	Total
			(millions)		
Assets:					
NEE:					
Commodity contracts	$ 919	$ 1,881	$ 1,679	$ (2,325)	$ 2,154
Interest rate contracts	$ —	$ 81	$ —	$ (41)	40
Foreign currency contracts	$ —	$ 57	$ —	$ (34)	23
Total derivative assets					$ 2,217
FPL – commodity contracts	$ —	$ 1	$ 2	$ —	$ 3
Liabilities:					
NEE:					
Commodity contracts	$ 1,004	$ 1,468	$ 305	$ (2,277)	$ 500
Interest rate contracts	$ —	$ 1,042	$ —	$ (41)	1,001
Foreign currency contracts	$ —	$ 43	$ —	$ (34)	9
Total derivative liabilities					$ 1,510
FPL – commodity contracts	$ —	$ —	$ 3	$ —	$ 3
Net fair value by NEE balance sheet line item:					
Current derivative assets					$ 570
Noncurrent derivative assets[b]					1,647
Total derivative assets					$ 2,217
Current derivative liabilities[c]					$ 311
Noncurrent derivative liabilities					1,199
Total derivative liabilities					$ 1,510
Net fair value by FPL balance sheet line item:					
Current other assets					$ 3
Current other liabilities					$ 2
Noncurrent other liabilities					1
Total derivative liabilities					$ 3

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the consolidated balance sheets and are recorded in customer receivables – net and accounts payable, respectively.
(b) Reflects the netting of approximately $184 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $136 million in margin cash collateral paid to counterparties.

At December 31, 2021 and 2020, NEE had approximately $56 million and $6 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's consolidated balance sheets. Additionally, at December 31, 2021 and 2020, NEE had approximately $673 million and $315 million (none at FPL), respectively, in margin cash collateral paid to counterparties that was not offset against derivative assets or liabilities in the above presentation. These amounts are included in current other assets on NEE's consolidated balance sheets.

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

	December 31, 2021				
	Level 1	Level 2	Level 3	Netting[a]	Total
			(millions)		
Assets:					
NEE:					
Commodity contracts	$ 1,896	$ 5,082	$ 1,401	$ (6,622)	$ 1,757
Interest rate contracts	$ —	$ 106	$ —	$ (30)	76
Foreign currency contracts	$ —	$ 8	$ —	$ (17)	(9)
Total derivative assets					$ 1,824
FPL – commodity contracts	$ —	$ 3	$ 13	$ (3)	$ 13
Liabilities:					
NEE:					
Commodity contracts	$ 2,571	$ 4,990	$ 1,231	$ (6,594)	$ 2,198
Interest rate contracts	$ —	$ 739	$ —	$ (30)	709
Foreign currency contracts	$ —	$ 86	$ —	$ (17)	69
Total derivative liabilities					$ 2,976
FPL – commodity contracts	$ —	$ 8	$ 5	$ (3)	$ 10
Net fair value by NEE balance sheet line item:					
Current derivative assets[b]					$ 689
Noncurrent derivative assets[c]					1,135
Total derivative assets					$ 1,824
Current derivative liabilities[d]					$ 1,263
Noncurrent derivative liabilities[e]					1,713
Total derivative liabilities					$ 2,976
Net fair value by FPL balance sheet line item:					
Current other assets					$ 13
Current other liabilities					$ 9
Noncurrent other liabilities					1
Total derivative liabilities					$ 10

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the consolidated balance sheets and are recorded in customer receivables – net and accounts payable, respectively.
(b) Reflects the netting of approximately $150 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $56 million in margin cash collateral received from counterparties.
(d) Reflects the netting of approximately $6 million in margin cash collateral paid to counterparties.
(e) Reflects the netting of approximately $172 million in margin cash collateral paid to counterparties.

interest expense, respectively, because it became probable that related future transactions being hedged would not occur. At December 31, 2021, NEE's AOCI included amounts related to discontinued interest rate cash flow hedges with expiration dates through March 2035 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately $6 million of net losses included in AOCI at December 31, 2021 are expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in scheduled principal payments.

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

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

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

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

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

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

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

The tables below present NEE's and FPL's gross derivative positions at December 31, 2021 and December 31, 2020, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral, as well as the location of the net derivative position on the consolidated balance sheets.

contracts as the capacity is provided. These contracts also contain a variable price component for energy usage which FPL recognizes as revenue as the energy is delivered based on rates stipulated in the respective contracts.

NEER – NEER's revenue from contracts with customers is derived primarily from the sale of energy commodities, electric capacity and electric transmission. For these types of sales, NEER recognizes revenue as energy commodities are delivered and as electric capacity and electric transmission are made available, consistent with the amounts billed to customers based on rates stipulated in the respective contracts as well as an accrual for amounts earned but not yet billed. The amounts billed and accrued represent the value of energy or transmission delivered and/or the capacity of energy or transmission available to the customer. Revenues yet to be earned under these contracts, which have maturity dates ranging from 2022 to 2053, will vary based on the volume of energy or transmission delivered and/or available. NEER's customers typically receive bills monthly with payment due within 30 days. Certain contracts with customers contain a fixed price which primarily relate to electric capacity sales associated with independent system operator annual auctions through 2025 and certain power purchase agreements with maturity dates through 2034. As of December 31, 2021, NEER expects to record approximately $735 million of revenues related to the fixed price components of such contracts over the remaining terms of the related contracts as the capacity is provided.

3. Derivative Instruments

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

With respect to commodities related to NEE's competitive energy business, NEER employs risk management procedures to conduct its activities related to optimizing the value of its power generation and gas infrastructure assets, providing full energy and capacity requirements services primarily to distribution utilities, and engaging in power and fuel marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter (OTC) markets, depending on the most favorable credit terms and market execution factors. For NEER's power generation and gas infrastructure assets, derivative instruments are used to hedge all or a portion of the expected output of these assets. These hedges are designed to reduce the effect of adverse changes in the wholesale forward commodity markets associated with NEER's power generation and gas infrastructure assets. With regard to full energy and capacity requirements services, NEER is required to vary the quantity of energy and related services based on the load demands of the customers served. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and reduce the effect of unfavorable changes in the forward energy markets. Additionally, NEER takes positions in energy markets based on differences between actual forward market levels and management's view of fundamental market conditions, including supply/demand imbalances, changes in traditional flows of energy, changes in short- and long-term weather patterns and anticipated regulatory and legislative outcomes. NEER uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the applicable fuel and purchased power cost recovery clause (fuel clause). For NEE's non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income. Settlement gains and losses are included within the line items in the consolidated statements of income to which they relate. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the consolidated statements of income. For commodity derivatives, NEE believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NEE's and FPL's consolidated statements of cash flows.

For interest rate and foreign currency derivative instruments, all changes in the derivatives' fair value, as well as the transaction gain or loss on foreign denominated debt, are recognized in interest expense and the equity method investees' related activity is recognized in equity in earnings (losses) of equity method investees in NEE's consolidated statements of income. In addition, for the years ended December 31, 2020 and 2019, NEE reclassified from AOCI approximately $26 million ($6 million after tax), of which $23 million was reclassified to gains on disposal of businesses/assets – net (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests) with the balance to interest expense, and $11 million ($8 million after tax) to

In December 2020, a subsidiary of NextEra Energy Resources sold a 90% noncontrolling ownership interest, comprised of a 50% ownership interest to a third party and a 40% ownership interest to a NEP subsidiary, in a portfolio of three wind generation facilities and four solar generation facilities in geographically diverse locations throughout the U.S. representing a total net generating capacity of 900 MW. In addition, in December 2020, a subsidiary of NextEra Energy Resources also sold its 100% ownership interest in a 100 MW solar generation facility and a 30 MW battery storage facility (solar-plus-storage facility) under construction in Arizona to a NEP subsidiary. Total cash proceeds for these two separate transactions totaled approximately $656 million. NEER continued to consolidate the projects until the sale was recognized for accounting purposes, see Note 9 – NEER. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sale. In connection with the 90% sale, noncontrolling interests of approximately $689 million and a reduction to additional paid-in capital of approximately $188 million ($165 million after tax) were recorded on NEE's consolidated balance sheet at December 31, 2020. In connection with the solar-plus-storage facility transaction, approximately $155 million of cash received was recorded as a contract liability, which is included in current other liabilities on NEE's consolidated balance sheet at December 31, 2020. The solar-plus-storage facility achieved commercial operations in June 2021 and the contract liability was reversed and the sale was recognized for accounting purposes.

In 2020, a subsidiary of NextEra Energy Resources completed the sale of its ownership interest in two solar generation facilities located in Spain with a total generating capacity of 99.8 MW, which resulted in net cash proceeds of approximately €111 million (approximately $121 million). In connection with the sale, a gain of approximately $270 million (pretax and after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2020 and is included in gains on disposal of businesses/assets – net.

In 2019, subsidiaries of NextEra Energy Resources completed the sale of ownership interests in three wind generation facilities and three solar generation facilities, including noncontrolling interests in two of the solar facilities, located in the Midwest and West regions of the U.S. with a total net generating capacity of 611 MW to a NEP subsidiary for cash proceeds of approximately $1.0 billion, plus working capital of $12 million. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sale. In connection with the sale, a gain of approximately $341 million ($259 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2019, which is included in gains on disposal of businesses/assets – net, and noncontrolling interests of approximately $118 million were recorded on NEE's consolidated balance sheet.

2. Revenue from Contracts with Customers

Revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The promised goods or services in the majority of NEE's contracts with customers is, at FPL, for the delivery of electricity based on tariff rates approved by the FPSC and, at NEER, for the delivery of energy commodities and the availability of electric capacity and electric transmission.

FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers, as well as derivative and lease transactions at NEER. For the vast majority of contracts with customers, NEE believes that the obligation to deliver energy, capacity or transmission is satisfied over time as the customer simultaneously receives and consumes benefits as NEE performs. In 2021, 2020 and 2019, NEE's revenue from contracts with customers was approximately $18.8 billion ($14.1 billion at FPL), $17.0 billion ($13.0 billion at FPL) and $17.5 billion ($13.6 billion at FPL), respectively. NEE's and FPL's receivables are primarily associated with revenues earned from contracts with customers, as well as derivative and lease transactions at NEER, and consist of both billed and unbilled amounts, which are recorded in customer receivables and other receivables on NEE's and FPL's consolidated balance sheets. Receivables represent unconditional rights to consideration and reflect the differences in timing of revenue recognition and cash collections. For substantially all of NEE's and FPL's receivables, regardless of the type of revenue transaction from which the receivable originated, customer and counterparty credit risk is managed in the same manner and the terms and conditions of payment are similar. During 2021, NEER did not recognize approximately $180 million of revenue related to reimbursable expenses from a counterparty that are deemed not probable of collection. These reimbursable expenses arose from the impacts of the February 2021 weather event. These determinations were made based on assessments of the counterparty's creditworthiness and NEER's ability to collect.

FPL – FPL's revenues are derived primarily from tariff-based sales that result from providing electricity to retail customers in Florida with no defined contractual term. Electricity sales to retail customers account for approximately 90% of FPL's 2021 operating revenues, the majority of which are to residential customers. FPL's retail customers receive a bill monthly based on the amount of monthly kWh usage with payment due monthly. For these types of sales, FPL recognizes revenue as electricity is delivered and billed to customers, as well as an estimate for electricity delivered and not yet billed. The billed and unbilled amounts represent the value of electricity delivered to the customer. At December 31, 2021 and 2020, FPL's unbilled revenues amounted to approximately $583 million and $454 million, respectively, and are included in customer receivables on NEE's and FPL's consolidated balance sheets. Certain contracts with customers contain a fixed price which primarily relate to certain power purchase agreements with maturity dates through 2041. As of December 31, 2021, FPL expects to record approximately $400 million of revenues related to the fixed capacity price components of such contracts over the remaining terms of the related

Redeemable Noncontrolling Interests – Certain subsidiaries of NextEra Energy Resources sold Class B membership interests in entities that have ownership interests in wind generation as well as solar and solar plus battery storage facilities to third-party investors. As specified in the respective limited liability company agreements, if, subject to certain contingencies, certain events occur, including, among others, those that would delay completion or cancel any of the underlying projects, an investor has the option to require NEER to return all or part of its investment. As these potential redemptions were outside of NEER's control, these balances were classified as redeemable noncontrolling interests on NEE's consolidated balance sheet as of December 31, 2021. These contingencies are expected to be resolved in 2022.

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

Leases – NEE and FPL determine if an arrangement is a lease at inception. NEE and FPL recognize a right-of-use (ROU) asset and a lease liability for operating and finance leases by recognizing and measuring leases at the commencement date based on the present value of lease payments over the lease term. For sales-type leases, the book value of the leased asset is removed from the balance sheet and a net investment in sales-type lease is recognized based on fixed payments under the contract and the residual value of the asset being leased. NEE and FPL have elected not to apply the recognition requirements to short-term leases and not to separate nonlease components from associated lease components for all classes of underlying assets except for purchased power agreements. ROU assets are included in noncurrent other assets, lease liabilities are included in current and noncurrent other liabilities and net investments in sales-type leases are included in current and noncurrent other assets on NEE's and FPL's consolidated balance sheets. Operating lease expense is included in fuel, purchased power and interchange or O&M expenses, interest and amortization expenses associated with finance leases are included in interest expense and depreciation and amortization expense, respectively, and rental income associated with operating leases and interest income associated with sales-type leases are included in operating revenues in NEE's and FPL's consolidated statements of income. See Note 10.

Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests – In December 2021, subsidiaries of NextEra Energy Resources sold their 100% ownership interest, comprised of a 50% controlling ownership interest to a NEP subsidiary and a 50% noncontrolling ownership interest to a third party, in a portfolio of seven wind generation facilities and six solar generation facilities in geographically diverse locations throughout the U.S. representing a total generating capacity of 2,520 MW and 115 MW of battery storage capacity, three of which are currently under construction with expected in-service dates in the first half of 2022. Total cash proceeds for these two separate transactions totaled approximately $1.7 billion, subject to working capital and other adjustments. NEER will continue to consolidate the three projects currently under construction for accounting purposes. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sales. In connection with the sales, a loss of approximately $53 million ($33 million after tax) is reflected in the gains on disposal of businesses/assets – net in NEE's consolidated statements of income for the year ended December 31, 2021. In connection with the three facilities currently under construction, approximately $668 million of cash received was recorded as contract liabilities, which is included in current other liabilities on NEE's consolidated balance sheet. The contract liabilities relate to sale proceeds from NEP and the third party of approximately $349 million and differential membership interests of approximately $319 million, of which $117 million is contingent on the enactment of a solar PTC by a specified date in 2022. The contract liabilities associated with the sale proceeds and the differential membership interests are also subject to the three facilities under construction achieving commercial operations by specified dates in the first half of 2022. The contract liabilities will be reversed and the sale recognized for accounting purposes if the contingencies are resolved in 2022. Otherwise, NextEra Energy Resources may be required to return proceeds related to differential membership interests and/or repurchase the facilities for up to $668 million. In addition, NextEra Energy Resources is responsible to pay for all construction costs related to the portfolio. At December 31, 2021, approximately $970 million is included in accounts payable on NEE's consolidated balance sheet and represents amounts owed by NextEra Energy Resources to NEP to reimburse NEP for construction costs.

In October 2021, subsidiaries of NextEra Energy Resources completed the sale to a NEP subsidiary of their 100% ownership interests in three wind generation facilities and one solar generation facility located in the West and Midwest regions of the U.S. with a total generating capacity of 467 MW and 33.3% of the noncontrolling ownership interests in four solar generation facilities and multiple distributed generation solar facilities located in geographically diverse locations throughout the U.S. representing a total net ownership interest in plant capacity (net generating capacity) of 122 MW for cash proceeds of approximately $563 million, plus working capital and other adjustments of $22 million. A NextEra Energy Resources affiliate will continue to operate the facilities included in the sale. In connection with the sale, a gain of approximately $94 million ($69 million after tax) was recorded in NEE's consolidated statements of income for the year ended December 31, 2021, which is included in gains on disposal of businesses/assets, and noncontrolling interests of approximately $125 million and additional paid-in capital of approximately $60 million ($43 million after tax) were recorded on NEE's consolidated balance sheet at December 31, 2021.

transition from the London Inter-Bank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. NEE's and FPL's contracts that reference LIBOR or other interbank offered rates mainly relate to debt and derivative instruments. The standards update was effective upon issuance but can be applied prospectively through December 31, 2022. During the fourth quarter of 2021, NEE began utilizing options provided by the standards update with regard to modifications to debt and debt-related hedging instruments. NEE will continue to evaluate reference rate modifications to debt and derivative instruments through December 31, 2022 and continue to apply the standards update if eligible. Although the full impact is unknown, to date there has not been a material impact to NEE.

Income Taxes – Deferred income taxes are recognized on all significant temporary differences between the financial statement and tax bases of assets and liabilities, and are presented as noncurrent on NEE's and FPL's consolidated balance sheets. In connection with the tax sharing agreement between NEE and certain of its subsidiaries, the income tax provision at each applicable subsidiary reflects the use of the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the applicable subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at the corporate level. Included in other regulatory assets and other regulatory liabilities on NEE's and FPL's consolidated balance sheets is the revenue equivalent of the difference in deferred income taxes computed under accounting rules, as compared to regulatory accounting rules. The net regulatory liability totaled $3,780 million ($3,723 million for FPL) and $3,949 million ($3,890 million for FPL) at December 31, 2021 and 2020, respectively, and is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities for which the deferred tax amount was initially recognized.

Production tax credits (PTCs) are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes and are recorded as a reduction of current income taxes payable, unless limited by tax law in which instance they are recorded as deferred tax assets. NEER recognizes ITCs as a reduction to income tax expense when the related energy property is placed into service. FPL recognizes ITCs as a reduction to income tax expense over the depreciable life of the related energy property. At December 31, 2021 and 2020, FPL's accumulated deferred ITCs were approximately $1,054 million and $753 million, respectively, and are included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets.

A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets when it is more likely than not that such assets will not be realized. NEE recognizes interest income (expense) related to unrecognized tax benefits (liabilities) in interest income and interest expense, respectively, net of the amount deferred at FPL. At FPL, the offset to accrued interest receivable (payable) on income taxes is classified as a regulatory liability (regulatory asset) which will be amortized to income (expense) over a five-year period upon settlement in accordance with regulatory treatment. All tax positions taken by NEE in its income tax returns that are recognized in the financial statements must satisfy a more-likely-than-not threshold. NEE and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states, the most significant of which is Florida, and certain foreign jurisdictions. Federal tax liabilities, with the exception of certain refund claims, are effectively settled for all years prior to 2017. State and foreign tax liabilities, which have varied statutes of limitations regarding additional assessments, are generally effectively settled for years prior to 2017. At December 31, 2021, NEE had unrecognized tax benefits of approximately $125 million that, if recognized, could impact the annual effective income tax rate. The amounts of unrecognized tax benefits and related interest accruals may change within the next 12 months; however, NEE and FPL do not expect these changes to have a significant impact on NEE's or FPL's financial statements. See Note 5.

Sales of Differential Membership Interests – Certain subsidiaries of NextEra Energy Resources sold Class B membership interests in entities that have ownership interests in wind and solar generation facilities, with generating capacity totaling approximately 11,226 MW and 1,894 MW, respectively, and battery storage capacity in operation or under construction totaling 220 MW at December 31, 2021, to third-party investors. NEE retains a controlling interest in the entities and therefore presents the Class B member interests as noncontrolling interests. Noncontrolling interests represents the portion of net assets in consolidated entities that are not owned by NEE and are reported as a component of equity in NEE's consolidated balance sheet. The third-party investors are allocated earnings, tax attributes and cash flows in accordance with the respective limited liability company agreements. Those economics are allocated primarily to the third-party investors until they receive a targeted return (the flip date) and thereafter to NEE. NEE has the right to call the third-party interests at specified amounts if and when the flip date occurs. NEE has determined the allocation of economics between the controlling party and third-party investor should not follow the respective ownership percentages for each wind and solar project but rather the hypothetical liquidation of book value (HLBV) method based on the governing provisions in each respective limited liability company agreement. Under the HLBV method, the amounts of income and loss attributable to the noncontrolling interest reflects changes in the amount the owners would hypothetically receive at each balance sheet date under the respective liquidation provisions, assuming the net assets of these entities were liquidated at the recorded amounts, after taking into account any capital transactions, such as contributions and distributions, between the entities and the owners. At the point in time that the third-party investor, in hypothetical liquidation, would achieve its targeted return, NEE attributes the additional hypothetical proceeds to the Class B membership interests based on the call price. A loss attributable to noncontrolling interest on NEE's consolidated statements of income represents earnings attributable to NEE.

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

	Weighted-Average Useful Lives	December 31, 2021	December 31, 2020
	(years)	(millions)	
Goodwill (by reporting unit):			
FPL segment:			
Florida City Gas		$ 292	$ 292
Other		9	9
Gulf Power (see Note 6 – Merger of FPL and Gulf Power Company)		2,688	2,688
NEER segment:			
Rate-regulated transmission (see Note 6 – GridLiance)		1,206	614
Gas infrastructure		487	487
Customer supply and trading		95	93
Generation assets		56	60
Corporate and Other		11	11
Total goodwill		$ 4,844	$ 4,254
Other intangible assets not subject to amortization, primarily land easements		$ 136	$ 135
Other intangible assets subject to amortization:			
Purchased power agreements	15	$ 507	$ 453
Other, primarily transportation contracts and customer lists	23	187	166
Total		694	619
Accumulated amortization		(88)	(61)
Total other intangible assets subject to amortization – net		$ 606	$ 558

NEE's, including FPL's, goodwill relates to various acquisitions which were accounted for using the purchase method of accounting. Other intangible assets are primarily included in noncurrent other assets on NEE's consolidated balance sheets. NEE's other intangible assets subject to amortization are amortized, primarily on a straight-line basis, over their estimated useful lives. Amortization expense was approximately $25 million, $27 million and $18 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is expected to be approximately $16 million, $16 million, $18 million, $16 million and $16 million for 2022, 2023, 2024, 2025 and 2026, respectively.

Goodwill and other intangible assets not subject to amortization are assessed for impairment at least annually by applying a fair value-based analysis. Other intangible assets subject to amortization are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted future cash flows.

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

Stock-Based Compensation – NEE accounts for stock-based payment transactions based on grant-date fair value. Compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures of stock-based awards are recognized as they occur. See Note 14 – Stock-Based Compensation.

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

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board issued an accounting standards update which provides certain options to apply accounting guidance on contract modifications and hedge accounting as companies

Credit Losses – NEE's credit department monitors current and forward credit exposure to counterparties and their affiliates. Prospective and existing customers are reviewed for creditworthiness based on established standards and credit quality indicators. Credit quality indicators and standards that are closely monitored include credit ratings, certain financial ratios and delinquency trends which are based off the latest available information. Customers not meeting minimum standards provide various credit enhancements or secured payment terms, such as letters of credit, the posting of margin cash collateral or use of master netting arrangements.

For the years ended December 31, 2021, 2020 and 2019, NEE recorded approximately $146 million, $94 million and $32 million of bad debt expense, including credit losses, respectively, which are included in O&M expenses in NEE's consolidated statements of income. The amount for the year ended December 31, 2021 primarily relates to credit losses at NEER driven by the operational and energy market impacts of severe prolonged winter weather in Texas in February 2021 (February 2021 weather event). The estimate for credit losses related to the impacts of the February 2021 weather event was developed based on NEE's assessment of the ultimate collectability of these receivables. At December 31, 2021, approximately $127 million of allowances are included in noncurrent other assets on NEE's consolidated balance sheet related to the February 2021 weather event.

Inventory – FPL values materials, supplies and fuel inventory using a weighted-average cost method. NEER's materials, supplies and fuel inventories, which include emissions allowances and renewable energy credits, are carried at the lower of weighted-average cost and net realizable value, unless evidence indicates that the weighted-average cost will be recovered with a normal profit upon sale in the ordinary course of business.

Energy Trading – NEE provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and fuel marketing and trading activities to optimize the value of electricity and fuel contracts, generation facilities and gas infrastructure assets, as well as to take advantage of projected favorable commodity price movements. Trading contracts that meet the definition of a derivative are accounted for at fair value and realized gains and losses from all trading contracts, including those where physical delivery is required, are recorded net for all periods presented. See Note 3.

Storm Funds, Storm Reserves and Storm Cost Recovery – The storm and property insurance reserve funds (storm funds) provide coverage toward FPL's storm damage costs. Marketable securities held in the storm funds are carried at fair value. See Note 4. Fund earnings, consisting of dividends, interest and realized gains and losses, net of taxes, are reinvested in the funds. Fund earnings, as well as any changes in unrealized gains and losses, are not recognized in income and are reflected as a corresponding adjustment to the storm and property insurance reserves (storm reserves). The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes. The storm funds are included in special use funds and the storm reserves in noncurrent regulatory liabilities, or in the case of a deficit, in regulatory assets on NEE's and FPL's consolidated balance sheets.

During 2021, 2020 and 2019, FPL's service area was impacted by hurricanes and tropical storms, which resulted in the recording of incremental storm restoration costs. The FPL segment determined that it would not seek recovery of certain of such costs through a storm surcharge from customers and instead recorded such costs as storm restoration costs in NEE's and FPL's consolidated statements of income. The FPL segment used available reserve amortization to offset all such storm restoration costs that were expensed.

Restoration costs associated with multiple storms since 2018 that impacted FPL's customers in the former Gulf Power service area are being collected from northwest Florida customers through a storm damage surcharge through late 2024 and are recorded as regulatory assets. As of December 31, 2021, the balance was $242 million, of which $92 million and $150 million are included in current regulatory assets and noncurrent regulatory assets, respectively, on NEE's and FPL's consolidated balance sheets. As of December 31, 2020, the balance was $347 million, of which $100 million and $247 million are included in current regulatory assets and noncurrent regulatory assets, respectively, on NEE's and FPL's consolidated balance sheets.

Impairment of Long-Lived Assets – NEE evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate.

Impairment of Equity Method Investments – NEE evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair value of the investment is less than the carrying value and the investment may be other-than-temporarily impaired. An impairment loss is required to be recognized if the impairment is deemed to be other than temporary. Investments that are other-than-temporarily impaired are written down to their estimated fair value and cannot subsequently be written back up for increases in estimated fair value. Impairment losses are recorded in equity in earnings (losses) of equity method investees in NEE's consolidated statements of income. See Note 4 – Nonrecurring Fair Value Measurements.

facilities. The liabilities are being accreted using the interest method through the date decommissioning or dismantlement activities are expected to be complete. See Note 11. At December 31, 2021 and 2020, NEER's ARO was approximately $1.1 billion and $1.2 billion, respectively, and was primarily determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning or dismantlement. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $9.4 billion, or $2.1 billion expressed in 2021 dollars. The ultimate cost to dismantle NEER's wind and solar facilities is estimated to be approximately $2.0 billion.

Seabrook files a comprehensive nuclear decommissioning study with the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) every four years; the most recent study was filed in 2019. Seabrook's decommissioning funding plan is also subject to annual review by the NDFC. Currently, there are no ongoing decommissioning funding requirements for Seabrook, Duane Arnold and Point Beach, however, the NRC, and in the case of Seabrook, the NDFC, has the authority to require additional funding in the future. NEER's portion of Seabrook's, Duane Arnold's and Point Beach's restricted funds for the payment of future expenditures to decommission these plants is included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily carried at fair value. See Note 4. Market adjustments for debt securities result in a corresponding adjustment to other comprehensive income (OCI), except for estimated credit losses and unrealized losses on debt securities intended or required to be sold prior to recovery of the amortized cost basis, which are recognized in other – net in NEE's consolidated statements of income. Market adjustments for equity securities are recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net in NEE's consolidated statements of income. Fund earnings, consisting of dividends, interest and realized gains and losses are recognized in income and are reinvested in the funds. The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes.

Major Maintenance Costs – FPL expenses costs associated with planned maintenance for its non-nuclear electric generation plants as incurred. FPL recognizes costs associated with planned major nuclear maintenance in accordance with regulatory treatment. FPL defers nuclear maintenance costs for each nuclear unit's planned outage to a regulatory asset as the costs are incurred. FPL amortizes the costs to O&M expense using the straight-line method over the period from the end of the current outage to the next planned outage where the respective work scope is performed.

NEER uses the deferral method to account for certain planned major maintenance costs. NEER's major maintenance costs for its nuclear generation units and combustion turbines are capitalized (included in noncurrent other assets on NEE's consolidated balance sheets) and amortized to O&M expense using the straight-line method over the period from the end of the current outage to the next planned outage where the respective work scope is performed.

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

Restricted Cash – At December 31, 2021 and 2020, NEE had approximately $677 million ($53 million for FPL) and $441 million ($135 million for FPL), respectively, of restricted cash, of which approximately $677 million ($53 million for FPL) and $374 million ($93 million for FPL), respectively, are included in current other assets and the remaining balances are included in noncurrent other assets on NEE's and FPL's consolidated balance sheets. Restricted cash is primarily related to debt service payments and margin cash collateral requirements at NEER and bond proceeds held for construction at FPL. In addition, where offsetting positions exist, restricted cash related to margin cash collateral of $121 million is netted against derivative assets and $172 million is netted against derivative liabilities at December 31, 2021 and $183 million is netted against derivative assets and $136 million is netted against derivative liabilities at December 31, 2020. See Note 3.

Measurement of Credit Losses on Financial Instruments – Effective January 1, 2020, NEE and FPL adopted an accounting standards update that provides for a new methodology, the current expected credit loss (CECL) model, to account for credit losses for certain financial assets measured at amortized cost. On January 1, 2020, NEE recorded a reduction to retained earnings of approximately $11 million representing the cumulative effect of adopting the new standards update, which primarily related to the impact of applying the CECL model to NEER's receivables. The impact of adopting the new standards update was not material to FPL. See also Note 4 – Special Use Funds.

Allowance for Doubtful Accounts and Bad Debt – FPL maintains an accumulated provision for uncollectible customer accounts receivable that is estimated using a percentage, derived from historical revenue and write-off trends, of the previous four months of revenue, and includes estimates of credit and other losses based on both current events and forecasts. NEER regularly reviews collectibility of its receivables and establishes a provision for losses estimated as a percentage of accounts receivable based on the historical bad debt write-off trends for its retail electricity provider operations, as well as includes estimates for credit and other losses based on both current events and forecasts. When necessary, NEER uses the specific identification method for all other receivables.

Asset Retirement Obligations – NEE and FPL each account for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. NEE's AROs relate primarily to decommissioning obligations of FPL's and NEER's nuclear units and to obligations for the dismantlement of certain of NEER's wind and solar facilities. See Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below and Note 11.

For NEE's rate-regulated operations, including FPL, the asset retirement cost is subsequently allocated to a regulatory liability or regulatory asset using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the ARO and a decrease in the regulatory liability or regulatory asset. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the ARO and asset retirement cost, or regulatory liability when asset retirement cost is depleted.

For NEE's non-rate regulated operations, the asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the liability and as accretion expense, which is included in depreciation and amortization expense in NEE's consolidated statements of income. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost, or income when asset retirement cost is depleted.

Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs – For ratemaking purposes, FPL accrues for the cost of end of life retirement and disposal of its nuclear and other generation plants over the expected service life of each unit based on nuclear decommissioning and other generation dismantlement studies periodically filed with the FPSC. In addition, FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. As approved by the FPSC, FPL previously suspended its annual decommissioning accrual. Any differences between expense recognized for financial reporting purposes and the amount recovered through rates are reported as a regulatory asset or liability in accordance with regulatory accounting. See Rate Regulation, Electric Plant, Depreciation and Amortization, and Asset Retirement Obligations above and Note 11.

Nuclear decommissioning studies are performed at least every five years and are filed with the FPSC for approval. FPL filed updated nuclear decommissioning studies with the FPSC in December 2020. These studies reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units at the time of the studies. The 2020 studies provide for the dismantlement of Turkey Point Units Nos. 3 and 4 following the end of plant operation with decommissioning activities commencing in 2052 and 2053, respectively, and provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the dismantlement of St. Lucie Unit No. 2 in 2043. These studies also assume that FPL will be storing spent fuel on site pending removal to a United States (U.S.) government facility. FPL's portion of the ultimate costs of decommissioning its four nuclear units, including costs associated with spent fuel storage above what is expected to be refunded by the U.S. Department of Energy (DOE) under a spent fuel settlement agreement, is estimated to be approximately $10.2 billion, or $2.4 billion expressed in 2021 dollars. The ultimate costs of decommissioning reflect the application submitted to the U.S. Nuclear Regulatory Commission (NRC) for the extension of St. Lucie Units Nos. 1 and 2 licenses for an additional 20 years.

Restricted funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's and FPL's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily carried at fair value. See Note 4. Fund earnings, consisting of dividends, interest and realized gains and losses, net of taxes, are reinvested in the funds. Fund earnings, as well as any changes in unrealized gains and losses and estimated credit losses on debt securities, are not recognized in income and are reflected as a corresponding offset in the related regulatory asset or liability accounts. FPL does not currently make contributions to the decommissioning funds, other than the reinvestment of fund earnings. During 2021, 2020 and 2019 fund earnings on decommissioning funds were approximately $173 million, $132 million and $125 million, respectively. The tax effects of amounts not yet recognized for tax purposes are included in deferred income taxes.

Other generation plant dismantlement studies are performed periodically and are submitted to the FPSC for approval. Previously approved studies were effective from January 1, 2017 through December 2021 and resulted in an annual expense of $26 million which is recorded in depreciation and amortization expense in NEE's and FPL's consolidated statements of income. As part of the 2021 rate agreement, the FPSC approved a new annual expense of $48 million based on FPL's updated dismantlement studies which became effective January 1, 2022. At December 31, 2021, FPL's portion of the ultimate cost to dismantle its other generation units is approximately $2.5 billion, or $1.2 billion expressed in 2021 dollars.

NEER's AROs primarily include nuclear decommissioning liabilities for Seabrook Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and Point Beach Nuclear Power Plant (Point Beach) and dismantlement liabilities for its wind and solar

elect a cash grant (convertible investment tax credits (ITCs)) for certain renewable energy property (renewable property). Convertible ITCs are recorded as a reduction in property, plant and equipment on NEE's and FPL's consolidated balance sheets and are amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. At December 31, 2021 and 2020, convertible ITCs, net of amortization, were approximately $755 million ($116 million at FPL) and $791 million ($122 million at FPL).

Depreciation of FPL's electric property is provided on a straight-line basis, primarily over its average remaining useful life. FPL includes in depreciation expense a provision for electric generation plant dismantlement, interim asset removal costs, accretion related to asset retirement obligations (see Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below) and storm recovery amortization. For substantially all of FPL's property, depreciation studies are performed periodically and filed with the FPSC which result in updated depreciation rates. As part of the 2021 rate agreement, the FPSC approved new unified depreciation rates which became effective January 1, 2022. These new rates are expected to decrease depreciation expense. Reserve amortization is recorded as either an increase or decrease to accrued asset removal costs which is reflected in noncurrent regulatory assets at December 31, 2021 and noncurrent regulatory liabilities at December 31, 2020 on NEE's and FPL's consolidated balance sheets. The FPL segment used available reserve amortization to offset all of the storm restoration costs that were expensed during 2019 through 2021. See Storm Funds, Storm Reserves and Storm Cost Recovery below. FPL files a twelve-month forecast with the FPSC each year which contains a regulatory ROE intended to be earned based on the best information FPL has at that time assuming normal weather. This forecast establishes a targeted regulatory ROE. In order to earn the targeted regulatory ROE in each reporting period subject to the conditions of the effective rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization or its reversal to earn the targeted regulatory ROE. See Rate Regulation – Base Rates Effective January 2022 through December 2025 above.

NEER's electric plant in service and other property less salvage value, if any, are depreciated primarily using the straight-line method over their estimated useful lives. NEER reviews the estimated useful lives of its fixed assets on an ongoing basis. NEER's oil and gas production assets are accounted for under the successful efforts method. Depletion expenses for the acquisition of reserve rights and development costs are recognized using the unit of production method.

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

Construction Activity – Allowance for funds used during construction (AFUDC) is a noncash item which represents the allowed cost of capital, including an ROE, used to finance construction projects. FPL records the portion of AFUDC attributable to borrowed funds as a reduction of interest expense and the remainder as other income. FPSC rules limit the recording of AFUDC to projects that have an estimated cost in excess of 0.5% prior to 2021 and 0.4% beginning in 2021 of a utility's plant in service balance and require more than one year to complete. FPSC rules allow construction projects below the applicable threshold as a component of rate base.

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

NEER capitalizes project development costs once it is probable that such costs will be realized through the ultimate construction of the related asset or sale of development rights. At December 31, 2021 and 2020, NEER's capitalized development costs totaled approximately $831 million and $571 million, respectively, which are included in noncurrent other assets on NEE's consolidated balance sheets. These costs include land rights and other third-party costs directly associated with the development of a new project. Upon commencement of construction, these costs either are transferred to construction work in progress or remain in other assets, depending upon the nature of the cost. Capitalized development costs are charged to O&M expenses when it is probable that these costs will not be realized.

NEER's construction work in progress includes construction materials, progress payments on major equipment contracts, third-party engineering costs, capitalized interest and other costs directly associated with the construction and development of various projects. Interest expense allocated from NextEra Energy Capital Holdings, Inc. (NEECH) to NEER is based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries. Upon commencement of project operation, costs associated with construction work in progress are transferred to electric plant in service and other property. In 2019, NEER determined it was no longer moving forward with the construction of a 220 MW wind facility due to unresolved permitting issues. NEE recorded charges of approximately $72 million ($54 million after tax), which are included in taxes other than income taxes and other – net in NEE's consolidated statements of income for the year ended December 31, 2019, primarily related to the write-off of capitalized construction costs.

Base Rates Effective January 2022 through December 2025 – In December 2021, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2021 rate agreement).

Key elements of the 2021 rate agreement, which is effective from January 2022 through at least December 2025, include, among other things, the following:

- New retail base rates and charges were established for the combined utility system (including the former Gulf Power service area) resulting in the following increases in annualized retail base revenues:
  - $692 million beginning January 1, 2022, and
  - $560 million beginning January 1, 2023.
- In addition, FPL is eligible to receive, subject to conditions specified in the 2021 rate agreement, base rate increases associated with the addition of up to 894 megawatts (MW) annually of new solar generation (through a Solar Base Rate Adjustment (SoBRA) mechanism) in each of 2024 and 2025, and may carry forward any unused MW in 2024 to 2025. FPL has agreed to an installed cost cap of $1,250 per kilowatt and will be required to demonstrate that these proposed solar facilities are cost effective.
- FPL's authorized regulatory return on common equity (ROE) is 10.60%, with a range of 9.70% to 11.70%. If FPL's earned regulatory ROE falls below 9.70%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.70%, any party with standing may seek a review of FPL's retail base rates. If the average 30-year U.S. Treasury rate is 2.49% or greater over a consecutive six-month period, the authorized regulatory ROE will increase to 10.80% with a range of 9.80% to 11.80%. If triggered, the increase in the authorized regulatory ROE will not result in an incremental general base rate increase, but will apply for all other regulatory purposes, including the SoBRA mechanism.
- Subject to certain conditions, FPL may amortize, over the term of the 2021 rate agreement, up to $1.45 billion of depreciation reserve surplus, provided that in any year of the 2021 rate agreement FPL must amortize at least enough reserve amount to maintain its minimum authorized regulatory ROE and also may not amortize any reserve amount that would result in an earned regulatory ROE in excess of its maximum authorized regulatory ROE. FPL is limited to the amortization of $200 million of depreciation reserve surplus during the first year of the 2021 rate agreement.
- FPL is authorized to expand SolarTogether™, a voluntary community solar program that gives certain FPL electric customers an opportunity to participate directly in the expansion of solar energy and receive credits on their related monthly customer bill, by constructing an additional 1,788 MW of solar generation from 2022 through 2025, such that the total capacity of SolarTogether™ would be 3,278 MW.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than $4 for every 1,000 kilowatt-hour (kWh) of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge. See Storm Funds, Storm Reserves and Storm Cost Recovery below.
- If federal or state permanent corporate income tax changes become effective during the term of the 2021 rate agreement, FPL will be able to prospectively adjust base rates after a review by the FPSC.

In December 2021, Floridians Against Increased Rates, Inc. and, as a group in January 2022, Florida Rising, Inc., Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida filed notices of appeal challenging the FPSC's final order approving the 2021 rate agreement, which notices of appeal are pending before the Florida Supreme Court.

Base Rates Effective January 2017 through December 2021 – In December 2016, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). Key elements of the 2016 rate agreement, which became effective in January 2017, provided for, among other things, the following:

- new retail base rates and charges which resulted in the following increases in annualized retail base revenues:
  - $400 million beginning January 1, 2017;
  - $211 million beginning January 1, 2018; and
  - $200 million beginning April 1, 2019 for a new approximately 1,720 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida that achieved commercial operation on March 31, 2019;
- additional base rate increases in 2018 through 2020 associated with the addition of approximately 1,200 MW of new solar generating capacity that became operational during that timeframe;
- regulatory ROE of 10.55%, with a range of 9.60% to 11.60%;
- subject to certain conditions, the right to reduce depreciation expense up to $1.25 billion (reserve), provided that in any year of the 2016 rate agreement FPL was required to amortize enough reserve to maintain an earned regulatory ROE within the range of 9.60% to 11.60%; and
- an interim cost recovery mechanism for storm restoration costs. See Storm Funds, Storm Reserves and Storm Cost Recovery below.

Electric Plant, Depreciation and Amortization – The cost of additions to units of property of FPL and NEER is added to electric plant in service and other property. In accordance with regulatory accounting, the cost of FPL's units of utility property retired, less estimated net salvage value, is charged to accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of utility property are charged to other operations and maintenance (O&M) expenses. The American Recovery and Reinvestment Act of 2009, as amended, provided for an option to

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

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

	NEE		FPL	
	December 31,		December 31,	
	2021	2020	2021	2020
	(millions)			
Regulatory assets:				
Current:				
Early retirement of generation facilities and transmission assets[a]	$ 140	$ 36	$ 140	$ 36
Acquisition of purchased power agreements[b]	141	161	141	161
Deferred clause and franchise expenses	698	28	698	28
Other	146	152	132	135
Total	$ 1,125	$ 377	$ 1,111	$ 360
Noncurrent:				
Early retirement of generation facilities and transmission assets[a]	$ 2,233	$ 1,438	$ 2,233	$ 1,438
Acquisition of purchased power agreements[b]	332	473	332	473
Accrued asset removal costs[c]	263	—	263	—
Other	1,750	1,801	1,515	1,488
Total	$ 4,578	$ 3,712	$ 4,343	$ 3,399
Regulatory liabilities:				
Current:				
Deferred clause revenues	$ 274	$ 215	$ 274	$ 215
Other	15	30	4	9
Total	$ 289	$ 245	$ 278	$ 224
Noncurrent:				
Asset retirement obligation regulatory expense difference	$ 4,290	$ 3,583	$ 4,290	$ 3,583
Accrued asset removal costs[c]	782	1,206	752	1,179
Deferred taxes	4,561	4,698	4,457	4,594
Other	1,640	1,248	1,554	1,244
Total	$ 11,273	$ 10,735	$ 11,053	$ 10,600

(a) The majority of these regulatory assets are being amortized over 20 years.
(b) The majority of these regulatory assets are being amortized over approximately 9 years.
(c) See Electric Plant, Depreciation and Amortization below.

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

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

1. Summary of Significant Accounting and Reporting Policies

Basis of Presentation – The operations of NextEra Energy, Inc. (NEE) are conducted primarily through Florida Power & Light Company (FPL), a wholly owned subsidiary, and NextEra Energy Resources, LLC (NextEra Energy Resources) and NextEra Energy Transmission, LLC (NEET) (collectively, NEER), wholly owned indirect subsidiaries that are combined for segment reporting purposes. On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment (FPL, excluding Gulf Power, related purchase accounting adjustments and eliminating entries) and the Gulf Power segment (Gulf Power) continued to be operating segments of NEE, as well as FPL, through 2021. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE (see Rate Regulation – Base Rates Effective January 2022 through December 2025 below). The merger of FPL and Gulf Power Company was a merger between entities under common control, which required it to be accounted for as if the merger occurred since the inception of common control, with prior periods retrospectively adjusted to furnish comparative information. Accordingly, FPL's consolidated financial statements have been retrospectively adjusted to include the historical results and financial position of the common control merger prior to the merger date. See Note 6 – Merger of FPL and Gulf Power Company.

FPL's principal business is a rate-regulated electric utility which supplies electric service to more than 5.7 million customer accounts throughout most of the east and lower west coasts of Florida and eight counties throughout northwest Florida. NEER invests in independent power projects through both controlled and consolidated entities and noncontrolling ownership interests in joint ventures. NEER participates in natural gas, natural gas liquids and oil production primarily through operating and non-operating ownership interests and in pipeline infrastructure through either wholly owned subsidiaries or noncontrolling or joint venture interests. NEER also invests in rate-regulated transmission facilities and transmission lines that connect its electric generation facilities to the electric grid through controlled and consolidated entities.

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

NEP was formed in 2014 to acquire, manage and own contracted clean energy projects with stable long-term cash flows through a limited partner interest in NextEra Energy Operating Partners, LP (NEP OpCo). NEP owns or has an ownership interest in a portfolio of wind, solar and solar plus battery storage projects and long-term contracted natural gas pipelines. NEE owns a noncontrolling interest in NEP and accounts for its ownership interest in NEP as an equity method investment with its earnings/losses from NEP as equity in earnings (losses) of equity method investees and accounts for NextEra Energy Resources' project sales to NEP as third-party sales in its consolidated financial statements. NEER operates essentially all of the energy projects owned by NEP and provide services to NEP under various related party operations and maintenance, administrative and management services agreements.

Operating Revenues – FPL and NEER generate substantially all of NEE's operating revenues, which primarily include revenues from contracts with customers as further discussed in Note 2, as well as, at NEER, derivative and lease transactions. FPL's operating revenues include amounts resulting from base rates, cost recovery clauses (see Rate Regulation below), franchise fees, gross receipts taxes and surcharges related to storms (see Storm Funds, Storm Reserves and Storm Cost Recovery below). Franchise fees and gross receipts taxes are imposed on FPL; however, the Florida Public Service Commission (FPSC) allows FPL to include in the amounts charged to customers the amount of the gross receipts tax for all customers and the franchise fee for those customers located in the jurisdiction that imposes the amount. Accordingly, FPL's franchise fees and gross receipts taxes are reported gross in operating revenues and taxes other than income taxes and other in NEE's and FPL's consolidated statements of income and were approximately $852 million, $800 million and $838 million in 2021, 2020 and 2019, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on NEE's and FPL's consolidated balance sheets. Certain NEER commodity contracts for the purchase and sale of power that meet the definition of a derivative are recorded at fair value with subsequent changes in fair value recognized as revenue. See Energy Trading below and Note 3.

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 2018	$ 1,373	$ 10,601	$ 9,040	$ 21,014
Net income	—	—	2,519	
Capital contributions from NEE	—	359	—	
Dividends to NEE	—	—	(2,620)	
NEE's contribution of a consolidated subsidiary	—	4,525	—	
Balances, December 31, 2019	1,373	15,485	8,939	$ 25,797
Net income	—	—	2,890	
Capital contributions from NEE	—	2,750	—	
Dividends to NEE	—	—	(2,210)	
Other	—	1	—	
Balances, December 31, 2020	1,373	18,236	9,619	$ 29,228
Net income	—	—	3,206	
Capital contributions from NEE	—	1,700	—	
Dividends to NEE	—	—	(540)	
Balances, December 31, 2021	$ 1,373	$ 19,936	$ 12,285	$ 33,594

(a) 2020 and 2019 amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.

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

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

	Years Ended December 31,		
	2021	2020[a]	2019[a]
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,206	$ 2,890	$ 2,519
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,266	2,526	2,771
Nuclear fuel and other amortization	174	167	178
Deferred income taxes	752	629	45
Cost recovery clauses and franchise fees	(599)	(121)	155
Recoverable storm-related costs	(138)	(69)	(180)
Other – net	(157)	35	(5)
Changes in operating assets and liabilities:			
Current assets	(49)	(164)	(42)
Noncurrent assets	(114)	(77)	22
Current liabilities	20	31	50
Noncurrent liabilities	(3)	(31)	(12)
Net cash provided by operating activities	5,358	5,816	5,501
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(7,411)	(7,476)	(6,290)
Nuclear fuel purchases	(159)	(203)	(195)
Proceeds from sale or maturity of securities in special use funds	3,308	2,488	2,729
Purchases of securities in special use funds	(3,394)	(2,567)	(2,854)
Other – net	15	65	10
Net cash used in investing activities	(7,641)	(7,693)	(6,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt, including premiums and discounts	2,588	3,003	2,998
Retirements of long-term debt	(1,304)	(1,603)	(200)
Net change in commercial paper	(169)	(123)	418
Proceeds from other short-term debt	—	—	200
Capital contributions from NEE	1,700	2,750	359
Dividends to NEE	(540)	(2,210)	(2,620)
Other – net	(44)	(44)	(46)
Net cash provided by financing activities	2,231	1,773	1,109
Net increase (decrease) in cash, cash equivalents and restricted cash	(52)	(104)	10
Cash, cash equivalents and restricted cash at beginning of year	160	264	254
Cash, cash equivalents and restricted cash at end of year	$ 108	$ 160	$ 264
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 586	$ 620	$ 614
Cash paid (received) for income taxes – net	$ (1)	$ 105	$ 584
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	$ 1,107	$ 698	$ 914
NEE's noncash contribution of a consolidated subsidiary – net	$ —	$ —	$ 4,436

(a) Amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.

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

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

	December 31,	
	2021	2020[a]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55	$ 25
Customer receivables, net of allowances of $11 and $44, respectively	1,297	1,141
Other receivables	350	405
Materials, supplies and fuel inventory	963	899
Regulatory assets	1,111	360
Other	142	182
Total current assets	3,918	3,012
Other assets:		
Electric utility plant and other property – net	58,227	53,879
Special use funds	6,158	5,347
Prepaid benefit costs	1,657	1,550
Regulatory assets	4,343	3,399
Goodwill	2,989	2,989
Other	775	825
Total other assets	74,149	67,989
TOTAL ASSETS	$ 78,067	$ 71,001
LIABILITIES AND EQUITY		
Current liabilities:		
Commercial paper	$ 1,382	$ 1,551
Other short-term debt	200	200
Current portion of long-term debt	536	354
Accounts payable	1,318	874
Customer deposits	478	468
Accrued interest and taxes	322	300
Accrued construction-related expenditures	601	423
Regulatory liabilities	278	224
Other	643	948
Total current liabilities	5,758	5,342
Other liabilities and deferred credits:		
Long-term debt	17,974	16,882
Asset retirement obligations	2,049	1,871
Deferred income taxes	7,137	6,519
Regulatory liabilities	11,053	10,600
Other	502	559
Total other liabilities and deferred credits	38,715	36,431
TOTAL LIABILITIES	44,473	41,773
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	1,373	1,373
Additional paid-in capital	19,936	18,236
Retained earnings	12,285	9,619
TOTAL EQUITY	33,594	29,228
TOTAL LIABILITIES AND EQUITY	$ 78,067	$ 71,001

(a) Amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.

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

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

	Years Ended December 31,		
	2021	2020[a]	2019[a]
OPERATING REVENUES	**$ 14,102**	$ 13,060	$ 13,680
OPERATING EXPENSES			
Fuel, purchased power and interchange	**3,956**	3,060	3,802
Other operations and maintenance	**1,803**	1,707	1,790
Storm restoration costs	**28**	183	234
Depreciation and amortization	**2,266**	2,526	2,771
Taxes other than income taxes and other – net	**1,533**	1,464	1,504
Total operating expenses – net	**9,586**	8,940	10,101
OPERATING INCOME	**4,516**	4,120	3,579
OTHER INCOME (DEDUCTIONS)			
Interest expense	**(615)**	(641)	(649)
Allowance for equity funds used during construction	**132**	87	66
Other – net	**11**	2	7
Total other deductions – net	**(472)**	(552)	(576)
INCOME BEFORE INCOME TAXES	**4,044**	3,568	3,003
INCOME TAXES	**838**	678	484
NET INCOME[b]	**$ 3,206**	$ 2,890	$ 2,519

(a) Amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company, see Note 6 – Merger of FPL and Gulf Power Company.
(b) FPL's comprehensive income is the same as reported net income.

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
	Shares	Aggregate Par Value							
Balances, December 31, 2018	1,912	$ 19	$ 10,476	$ (188)	$ 23,837	$ 34,144	$ 3,269	$ 37,413	$ 468
Net income (loss)	—	—	—	—	3,769	3,769	(371)		(9)
Issuances of common stock/equity units – net	40	—	1,470	—	—	1,470	—		—
Share-based payment activity	4	—	164	—	—	164	—		—
Dividends on common stock[a]	—	—	—	—	(2,408)	(2,408)	—		—
Other comprehensive income	—	—	—	20	—	20	1		—
Premium on equity units	—	—	(120)	—	—	(120)	—		—
Other differential membership interest activity	—	—	(20)	—	—	(20)	1,270		29
Other	—	1	(15)	(1)	1	(14)	186		(1)
Balances, December 31, 2019	1,956	20	11,955	(169)	25,199	37,005	4,355	$ 41,360	487
Net income (loss)	—	—	—	—	2,919	2,919	(546)		(4)
Issuances of common stock/equity units – net	—	—	(92)	—	—	(92)	—		—
Share-based payment activity	4	—	153	—	—	153	—		—
Dividends on common stock[a]	—	—	—	—	(2,743)	(2,743)	—		—
Other comprehensive income	—	—	—	67	—	67	7		—
Impact of disposal of a business	—	—	—	10	—	10	—		—
Adoption of accounting standards update[b]	—	—	—	—	(11)	(11)	—		—
Premium on equity units	—	—	(587)	—	—	(587)	—		—
Other differential membership interests activity	—	—	(36)	—	—	(36)	3,809		(483)
Sale of noncontrolling interests	—	—	(169)	—	—	(169)	689		—
Other	—	—	(2)	—	(1)	(3)	102		—
Balances, December 31, 2020	1,960	20	11,222	(92)	25,363	36,513	8,416	$ 44,929	—
Net income (loss)	—	—	—	—	**3,573**	**3,573**	**(748)**		**2**
Share-based payment activity	**3**	—	**132**	—	—	132	—		—
Dividends on common stock[a]	—	—	—	—	**(3,024)**	**(3,024)**	—		—
Other comprehensive income (loss)	—	—	—	**92**	—	**92**	**(1)**		—
Other differential membership interests activity[c]	—	—	**(26)**	—	—	(26)	**363**		**243**
Other	—	—	**(57)**	—	**(1)**	**(58)**	**192**		—
Balances, December 31, 2021	**1,963**	**$ 20**	**$ 11,271**	**$ —**	**$ 25,911**	**$ 37,202**	**$ 8,222**	**$ 45,424**	**$ 245**

(a) Dividends per share were $1.54, $1.40 and $1.25 for the years ended December 31, 2021, 2020 and 2019, respectively.
(b) See Note 1 – Measurement of Credit Losses on Financial Instruments.
(c) See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

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

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

	Years Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 2,827	$ 2,369	$ 3,388
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,924	4,052	4,216
Nuclear fuel and other amortization	290	263	262
Unrealized losses (gains) on marked to market derivative contracts – net	2,005	533	(108)
Foreign currency transaction losses (gains)	(94)	45	17
Deferred income taxes	436	(78)	258
Cost recovery clauses and franchise fees	(599)	(121)	155
Equity in losses (earnings) of equity method investees	(666)	1,351	(66)
Distributions of earnings from equity method investees	526	456	438
Gains on disposal of businesses, assets and investments – net	(146)	(403)	(461)
Recoverable storm-related costs	(138)	(69)	(180)
Other – net	(326)	189	(141)
Changes in operating assets and liabilities:			
Current assets	(1,267)	(364)	123
Noncurrent assets	(324)	(234)	(93)
Current liabilities	1,053	(6)	116
Noncurrent liabilities	52	—	231
Net cash provided by operating activities	7,553	7,983	8,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL Segment	(6,626)	(6,477)	(5,560)
Acquisition and capital expenditures of Gulf Power	(782)	(1,012)	(5,165)
Independent power and other investments of NEER	(8,247)	(6,851)	(6,385)
Nuclear fuel purchases	(275)	(245)	(315)
Other capital expenditures	(147)	(25)	(37)
Sale of independent power and other investments of NEER	2,761	1,012	1,316
Proceeds from sale or maturity of securities in special use funds and other investments	4,995	3,916	4,008
Purchases of securities in special use funds and other investments	(5,310)	(4,100)	(4,160)
Other – net	40	83	121
Net cash used in investing activities	(13,591)	(13,699)	(16,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt, including premiums and discounts	16,683	12,404	13,905
Retirements of long-term debt	(9,594)	(6,103)	(5,492)
Proceeds from differential membership investors	2,779	3,522	1,604
Net change in commercial paper	(169)	(965)	(234)
Proceeds from other short-term debt	—	2,158	200
Repayments of other short-term debt	(257)	(2,100)	(4,765)
Payments from (to) related parties under a cash sweep and credit support agreement – net	47	(2)	(54)
Issuances of common stock/equity units – net	14	(92)	1,494
Proceeds from sale of noncontrolling interests	65	501	99
Dividends on common stock	(3,024)	(2,743)	(2,408)
Other – net	(737)	(406)	(476)
Net cash provided by financing activities	5,807	6,174	3,873
Effects of currency translation on cash, cash equivalents and restricted cash	1	(20)	4
Net increase (decrease) in cash, cash equivalents and restricted cash	(230)	438	(4,145)
Cash, cash equivalents and restricted cash at beginning of year	1,546	1,108	5,253
Cash, cash equivalents and restricted cash at end of year	$ 1,316	$ 1,546	$ 1,108
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 1,323	$ 1,432	$ 1,799
Cash paid (received) for income taxes – net	$ (69)	$ 235	$ 184
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	$ 4,995	$ 4,445	$ 3,573
Increase in property, plant and equipment related to an acquisition	$ —	$ 68	$ —
Decrease in joint venture investments related to an acquisition	$ —	$ 145	$ —

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

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

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 639	$ 1,105
Customer receivables, net of allowances of $35 and $67, respectively	3,378	2,263
Other receivables	730	711
Materials, supplies and fuel inventory	1,561	1,552
Regulatory assets	1,125	377
Derivatives	689	570
Other	1,166	804
Total current assets	9,288	7,382
Other assets:		
Property, plant and equipment — net ($20,521 and $18,084 related to VIEs, respectively)	99,348	91,803
Special use funds	8,922	7,779
Investment in equity method investees	6,159	5,728
Prepaid benefit costs	2,243	1,707
Regulatory assets	4,578	3,712
Derivatives	1,135	1,647
Goodwill	4,844	4,254
Other	4,395	3,672
Total other assets	131,624	120,302
TOTAL ASSETS	$ 140,912	$ 127,684
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Commercial paper	$ 1,382	$ 1,551
Other short-term debt	700	458
Current portion of long-term debt ($58 and $27 related to VIEs, respectively)	1,785	4,138
Accounts payable ($752 and $1,433 related to VIEs, respectively)	6,935	4,615
Customer deposits	485	474
Accrued interest and taxes	525	519
Derivatives	1,263	311
Accrued construction-related expenditures	1,378	991
Regulatory liabilities	289	245
Other	2,695	2,256
Total current liabilities	17,437	15,558
Other liabilities and deferred credits:		
Long-term debt ($1,125 and $493 related to VIEs, respectively)	50,960	41,944
Asset retirement obligations	3,082	3,057
Deferred income taxes	8,310	8,020
Regulatory liabilities	11,273	10,735
Derivatives	1,713	1,199
Other	2,468	2,242
Total other liabilities and deferred credits	77,806	67,197
TOTAL LIABILITIES	95,243	82,755
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTERESTS — VIE	245	—
EQUITY		
Common stock ($0.01 par value, authorized shares — 3,200; outstanding shares — 1,963 and 1,960, respectively)	20	20
Additional paid-in capital	11,271	11,222
Retained earnings	25,911	25,363
Accumulated other comprehensive loss	—	(92)
Total common shareholders' equity	37,202	36,513
Noncontrolling interests ($8,217 and $8,413 related to VIEs, respectively)	8,222	8,416
TOTAL EQUITY	45,424	44,929
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	$ 140,912	$ 127,684

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

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

	Years Ended December 31,		
	2021	2020	2019
NET INCOME	**$ 2,827**	$ 2,369	$ 3,388
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive income (loss) to net income (net of $2 tax benefit, $4 tax benefit and $8 tax expense, respectively)	**6**	12	29
Net unrealized gains (losses) on available for sale securities:			
Net unrealized gains (losses) on securities still held (net of $4 tax benefit, $4 tax expense and $8 tax expense, respectively)	**(11)**	12	20
Reclassification from accumulated other comprehensive income (loss) to net income (net of $2 tax expense, $1 tax expense and $1 tax benefit, respectively)	**(4)**	(3)	(2)
Defined benefit pension and other benefits plans:			
Net unrealized gain (loss) and unrecognized prior service benefit (cost) (net of $30 tax expense, $11 tax expense and $14 tax benefit, respectively)	**95**	37	(46)
Reclassification from accumulated other comprehensive income (loss) to net income (net of $1 tax benefit, $1 tax benefit and $1 tax benefit, respectively)	**5**	2	(3)
Net unrealized gains (losses) on foreign currency translation	**(1)**	13	22
Other comprehensive income related to equity method investees (net of less than $1 tax expense, less than $1 tax expense and $0 tax expense, respectively)	**1**	1	1
Total other comprehensive income, net of tax	**91**	74	21
IMPACT OF DISPOSAL OF A BUSINESS (NET OF $19 TAX BENEFIT)	**—**	10	—
COMPREHENSIVE INCOME	**2,918**	2,453	3,409
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**747**	543	380
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	**$ 3,665**	$ 2,996	$ 3,789

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

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

	Years Ended December 31,		
	2021	2020	2019
OPERATING REVENUES	**$ 17,069**	$ 17,997	$ 19,204
OPERATING EXPENSES			
Fuel, purchased power and interchange	**4,527**	3,539	4,363
Other operations and maintenance	**3,953**	3,751	3,640
Storm restoration costs	**28**	183	234
Depreciation and amortization	**3,924**	4,052	4,216
Taxes other than income taxes and other – net	**1,801**	1,709	1,804
Total operating expenses – net	**14,233**	13,234	14,257
GAINS ON DISPOSAL OF BUSINESSES/ASSETS – NET	**77**	353	406
OPERATING INCOME	**2,913**	5,116	5,353
OTHER INCOME (DEDUCTIONS)			
Interest expense	**(1,270)**	(1,950)	(2,249)
Equity in earnings (losses) of equity method investees	**666**	(1,351)	66
Allowance for equity funds used during construction	**142**	93	67
Gains on disposal of investments and other property – net	**70**	50	55
Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net	**267**	163	238
Other net periodic benefit income	**257**	200	185
Other – net	**130**	92	121
Total other income (deductions) – net	**262**	(2,703)	(1,517)
INCOME BEFORE INCOME TAXES	**3,175**	2,413	3,836
INCOME TAXES	**348**	44	448
NET INCOME	**2,827**	2,369	3,388
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**746**	550	381
NET INCOME ATTRIBUTABLE TO NEE	**$ 3,573**	$ 2,919	$ 3,769
Earnings per share attributable to NEE:			
Basic	**$ 1.82**	$ 1.49	$ 1.95
Assuming dilution	**$ 1.81**	$ 1.48	$ 1.94

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

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to operating revenue – unrealized losses included the following, among others:

- We tested the effectiveness of controls relating to commodity valuation models, their related Level 3 unobservable inputs, and market data validation.
- We selected a sample of transactions, obtained an understanding of the business rationale of transactions, and read the underlying contractual agreements.
- We used personnel in our firm who specialize in energy transacting to independently value Level 3 transactions. For certain fair value models, we used our firm specialists to directly test the underlying assumptions of the unobservable inputs used by management.
- We evaluated NEE's disclosures related to the proprietary models and unobservable inputs to estimate the fair value of Level 3 derivative assets and liabilities, including the balances recorded and significant assumptions.

FPL – Impact of Rate Regulation on the Financial Statements – Refer to Note 1 to the financial statements

Critical Audit Matter Description

FPL is subject to rate regulation by the Florida Public Service Commission (the "FPSC"), which has jurisdiction with respect to the rates of electric distribution companies. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures, such as property, plant, and equipment; regulatory assets and liabilities; operating revenues; operation and maintenance expense; and depreciation expense.

Rates are determined and approved in regulatory proceedings based on an analysis of FPL's costs to provide utility service and a return on, and recovery of, FPL's investment in the assets required to deliver utility service. Accounting guidance for FPL's regulated operations provides that rate-regulated entities report assets and liabilities consistent with the recovery of those incurred costs in rates, if it is probable that such rates will be charged and collected. The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Future FPSC decisions could impact the accounting for regulated operations, including decisions about the amount of allowable costs and any refunds that may be required. As a result of this cost-based regulation, FPL follows the accounting guidance that allows regulators to create assets and impose liabilities, based on the probability of future cash flows, that would not be recorded by non-rate regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process.

We identified the impact of rate regulation as a critical audit matter due to the requirement to have auditors with deep knowledge of and significant experience with accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impact of rate regulation included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment and regulatory assets or liabilities; the depreciation and amortization of such amounts in accordance with FPSC orders; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs recognized as property, plant and equipment and regulatory assets in future rates or of a refund or future reduction in rates that should be recognized as a regulatory liability.
- We evaluated FPL's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We assessed the likelihood of (1) recovery of recorded regulatory assets and (2) obligations requiring future reductions in rates by obtaining, reading and evaluating relevant regulatory orders issued by the FPSC to FPL, including the December 2, 2021 order adopting the stipulation of settlement for FPL's 2021 rate agreement. We also evaluated such regulatory orders and other publicly available filings made by FPL and compared them to management's recorded regulatory asset and liability balances for completeness.

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 17, 2022

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NextEra Energy, Inc. and subsidiaries (NEE) and the related separate consolidated balance sheets of Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2021 and 2020, and NEE's and FPL's related consolidated statements of income and cash flows, NEE's consolidated statements of comprehensive income and equity, and FPL's consolidated statements of common shareholder's equity, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of NEE and the consolidated financial position of FPL as of December 31, 2021 and 2020, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), NEE's and FPL's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2022, expressed unqualified opinions on NEE's and FPL's internal control over financial reporting.

Emphasis of Matter

As discussed in Note 6 to the financial statements, on January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. FPL's 2019 and 2020 financial statements have been retrospectively adjusted to reflect this merger. Our opinion is not modified with respect to this matter.

Basis for Opinion

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements of NEE and FPL that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

NEE – Operating Revenue – Unrealized Losses – Refer to Note 3 to the financial statements

Critical Audit Matter Description

NEE enters into complex energy derivatives and transacts in certain markets that are thinly traded, which may result in subjective estimates of fair value that include unobservable inputs. Changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are primarily recognized on a net basis in operating revenues. For the year ended December 31, 2021, unrealized losses associated with Level 3 transactions of $924 million are included in operating revenues in the consolidated statement of income of NEE.

Given management uses complex proprietary models and unobservable inputs to estimate the fair value of Level 3 derivative assets and liabilities, performing audit procedures to evaluate the appropriateness of these models and inputs required a high degree of auditor judgment and an increased extent of effort, including the need to involve our firm specialists who possess significant quantitative and modeling expertise.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NextEra Energy, Inc. and subsidiaries (NEE) and Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, NEE and FPL maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of NEE and FPL and our report dated February 17, 2022, expressed unqualified opinions on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 17, 2022

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

Management assessed the effectiveness of NEE's and FPL's internal control over financial reporting as of December 31, 2021, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control – Integrated Framework (2013)*. Based on this assessment, management believes that NEE's and FPL's internal control over financial reporting was effective as of December 31, 2021.

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

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer of NEE and Chairman of FPL

REBECCA J. KUJAWA

Rebecca J. Kujawa
Executive Vice President, Finance and Chief Financial Officer of NEE and FPL

JAMES M. MAY

James M. May
Vice President, Controller and Chief Accounting Officer of NEE

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer of FPL

KEITH FERGUSON

Keith Ferguson
Controller of FPL

- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the U.S.
- Overall credit risk is managed through established credit policies and is overseen by the EMC.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of margin cash collateral.
- Master netting agreements are used to offset cash and noncash gains and losses arising from derivative instruments with the same counterparty. NEE's policy is to have master netting agreements in place with significant counterparties.

Based on NEE's policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. At December 31, 2021, NEE's credit risk exposure associated with its energy marketing and trading counterparties, taking into account collateral and contractual netting rights, totaled approximately $1.9 billion ($61 million for FPL), of which approximately 64% (100% for FPL) was with companies that have investment grade credit ratings. With regard to credit risk exposure to counterparties with below investment grade credit ratings, NEE has first lien security positions with respect to approximately 60% of such exposure. For the remaining unsecured positions with counterparties that have below investment grade credit ratings, no one counterparty makes up more than 9% of NEE's total exposure to below investment grade counterparties. See Notes 1 – Credit Losses, 2 and 3.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

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

	December 31, 2021		December 31, 2020	
	Carrying Amount	Estimated Fair Value[(a)]	Carrying Amount	Estimated Fair Value[(a)]
	(millions)			
NEE:				
Fixed income securities:				
Special use funds	$ 2,505	$ 2,505	$ 2,134	$ 2,134
Other investments, primarily debt securities	$ 311	$ 311	$ 247	$ 247
Long-term debt, including current portion	$ 52,745	$ 57,290	$ 46,082	$ 51,525
Interest rate contracts – net unrealized losses	$ (633)	$ (633)	$ (961)	$ (961)
FPL:				
Fixed income securities – special use funds	$ 1,934	$ 1,934	$ 1,617	$ 1,617
Long-term debt, including current portion	$ 18,510	$ 21,379	$ 17,236	$ 21,178

(a) See Notes 3 and 4.

The special use funds of NEE and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NEE's and FPL's nuclear power plants. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery. A portion of these funds is invested in fixed income debt securities primarily carried at estimated fair value. At FPL, changes in fair value, including any credit losses, result in a corresponding adjustment to the related regulatory asset or liability accounts based on current regulatory treatment. The changes in fair value for NEE's non-rate regulated operations result in a corresponding adjustment to other comprehensive income, except for credit losses and unrealized losses on available for sale securities intended or required to be sold prior to recovery of the amortized cost basis, which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities.

At December 31, 2021, NEE had interest rate contracts with a notional amount of approximately $11.2 billion to manage exposure to the variability of cash flows associated with expected future and outstanding debt issuances at NEECH and NEER. See Note 3.

Based upon a hypothetical 10% decrease in interest rates, the fair value of NEE's net liabilities would increase by approximately $1,440 million ($664 million for FPL) at December 31, 2021.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE's nuclear decommissioning reserve funds include marketable equity securities carried at their market value of approximately $5,511 million and $4,726 million ($3,552 million and $3,012 million for FPL) at December 31, 2021 and 2020, respectively. NEE's and FPL's investment strategy for equity securities in their nuclear decommissioning reserve funds emphasizes marketable securities which are broadly diversified. At December 31, 2021, a hypothetical 10% decrease in the prices quoted on stock exchanges would result in an approximately $520 million ($335 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related regulatory asset or liability accounts based on current regulatory treatment, and for NEE's non-rate regulated operations, a corresponding amount would be recorded in change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net in NEE's consolidated statements of income.

Credit Risk

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

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

- Operations are primarily concentrated in the energy industry.

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2021 were as follows:

	Maturity						
	2022	2023	2024	2025	2026	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	$ (190)	$ (176)	$ (145)	$ (95)	$ (7)	$ 1	$ (612)
Significant other observable inputs	499	422	248	195	81	97	1,542
Significant unobservable inputs	(139)	(79)	1	22	30	213	48
Total	170	167	104	122	104	311	978
Owned Assets – Non-Qualifying:							
Quoted prices in active markets for identical assets	(37)	(24)	(2)	—	—	—	(63)
Significant other observable inputs	(479)	(371)	(253)	(150)	(91)	(101)	(1,445)
Significant unobservable inputs	29	17	12	18	19	21	116
Total	(487)	(378)	(243)	(132)	(72)	(80)	(1,392)
Owned Assets – FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	(5)	—	—	—	—	—	(5)
Significant unobservable inputs	7	(1)	—	—	—	—	6
Total	2	(1)	—	—	—	—	1
Total sources of fair value	$ (315)	$ (212)	$ (139)	$ (10)	$ 32	$ 231	$ (413)

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

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

	Trading[a]			Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses[b]			Total		
	FPL	NEER	NEE	FPL	NEER	NEE	FPL	NEER	NEE
	(millions)								
December 31, 2020	$ —	$ 3	$ 3	$ 1	$ 77	$ 78	$ 1	$ 84	$ 85
December 31, 2021	$ —	$ 17	$ 17	$ 1	$ 148	$ 148	$ 1	$ 149	$ 149
Average for the year ended December 31, 2021	$ —	$ 11	$ 11	$ —	$ 100	$ 100	$ —	$ 101	$ 101

(a) The VaR figures for the trading portfolio include positions that are marked to market. Taking into consideration offsetting unmarked non-derivative positions, such as physical inventory, the trading VaR figures were approximately $9 million and $3 million at December 31, 2021 and December 31, 2020, respectively.

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

Interest Rate Risk

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

ENERGY MARKETING AND TRADING AND MARKET RISK SENSITIVITY

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

Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and fuel marketing and trading activities to take advantage of expected future favorable price movements. See Critical Accounting Policies and Estimates – Accounting for Derivatives and Hedging Activities and Note 3.

During 2020 and 2021, the changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments were as follows:

		Hedges on Owned Assets		
	Trading	Non-Qualifying	FPL Cost Recovery Clauses	NEE Total
		(millions)		
Fair value of contracts outstanding at December 31, 2019	$ 651	$ 1,209	$ (11)	$ 1,849
Reclassification to realized at settlement of contracts	(329)	(253)	12	(570)
Value of contracts acquired	91	(36)	—	55
Net option premium purchases (issuances)	10	4	—	14
Changes in fair value excluding reclassification to realized	283	72	(1)	354
Fair value of contracts outstanding at December 31, 2020	706	996	—	1,702
Reclassification to realized at settlement of contracts	179	293	(7)	465
Value of contracts acquired	80	9	—	89
Net option premium purchases (issuances)	23	11	—	34
Changes in fair value excluding reclassification to realized	(10)	(2,701)	8	(2,703)
Fair value of contracts outstanding at December 31, 2021	978	(1,392)	1	(413)
Net margin cash collateral paid (received)				(28)
Total mark-to-market energy contract net assets (liabilities) at December 31, 2021	$ 978	$ (1,392)	$ 1	$ (441)

NEE's total mark-to-market energy contract net assets (liabilities) at December 31, 2021 shown above are included on the consolidated balance sheets as follows:

	December 31, 2021
	(millions)
Current derivative assets	$ 689
Noncurrent derivative assets	1,068
Current derivative liabilities	(1,175)
Noncurrent derivative liabilities	(1,023)
NEE's total mark-to-market energy contract net liabilities	$ (441)

FPL accrues the cost of dismantling its other generation plants over the expected service life of each unit based on studies filed with the FPSC. Unlike nuclear decommissioning, dismantlement costs are not funded. The most recent studies became effective January 1, 2022. At December 31, 2021, FPL's portion of the ultimate cost to dismantle its other generation plants is approximately $2.5 billion, or $1.2 billion expressed in 2021 dollars. The majority of the dismantlement costs are not reported as AROs. FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. Any differences between the amount of the ARO and the amount recorded for ratemaking purposes are reported as a regulatory asset or liability in accordance with regulatory accounting.

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

	Nuclear Decommissioning		Other Generation Plant Dismantlement		Interim Removal Costs and Other		Total	
	December 31,		December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
	(millions)							
AROs[a]	$ 1,736	$ 1,604	$ 364	$ 326	$ 7	$ 6	$ 2,107	$ 1,936
Less capitalized ARO asset net of accumulated depreciation	63	—	56	59	1	1	120	60
Accrued asset removal costs[b]	447	408	198	227	(156)	544	489	1,179
Asset retirement obligation regulatory expense difference[c]	4,399	3,690	(218)	(185)	(9)	(5)	4,172	3,500
Accrued decommissioning, dismantlement and other accrued asset removal costs[d]	$ 6,519	$ 5,702	$ 288	$ 309	$ (159)	$ 544	$ 6,648	$ 6,555

(a) See Note 11.
(b) Included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets, except for $263 million which is related to interim removal costs and is included in noncurrent regulatory assets as of December 31, 2021. See Note 1 – Rate Regulation.
(c) Included in noncurrent regulatory liabilities on NEE's and FPL's consolidated balance sheets, except for $118 million and $83 million which are related to other generation plant dismantlement and are included in noncurrent regulatory assets as of December 31, 2021 and 2020, respectively.
(d) Represents total amount accrued for ratemaking purposes.

NEER – NEER records liabilities for the present value of its expected nuclear plant decommissioning costs which are determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. The liabilities are being accreted using the interest method through the date decommissioning activities are expected to be complete. At December 31, 2021 and 2020, the AROs for decommissioning of NEER's nuclear plants approximated $599 million and $637 million, respectively. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $9.4 billion, or $2.1 billion expressed in 2021 dollars.

See Note 1 – Asset Retirement Obligations and – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 11.

Regulatory Accounting

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

Nature of Accounting Estimates

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

Assumptions and Accounting Approach

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

Assumptions and Accounting Approach

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

Carrying Value of Equity Method Investments

NEE evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair value of the investment is less than the carrying value and the investment may be other-than-temporarily impaired.

Nature of Accounting Estimates

Indicators of a potential impairment include, but are not limited to, a series of operating losses of an investee, the absence of an ability to recover the carrying amount of the investment, the inability of the investee to sustain an earnings capacity and a current fair value of an investment that may be less than its carrying value. If indicators of impairment exist, an estimate of the investment's fair value will be calculated. Approaches for estimating fair value include, among others, an income approach using a probability-weighted discounted cash flows model and a market approach using an earnings before interest, taxes, depreciation and amortization (EBITDA) multiple model. The probability assigned to each scenario as well as the cash flows and EBITDA multiple identified are critical in determining fair value.

Assumptions and Accounting Approach

An impairment loss is required to be recognized if the impairment is deemed to be other than temporary. Assessment of whether an investment is other-than-temporarily impaired involves, among other factors, consideration of the length of time that the fair value is below the carrying value, current expected performance relative to the expected performance when the investment was initially made, performance relative to peers, industry performance relative to the economy, credit rating, regulatory actions and legal and permitting challenges. If management is unable to reasonably assert that an impairment is temporary or believes that there will not be full recovery of the carrying value of its investment, then the impairment is considered to be other than temporary. Investments that are other-than-temporarily impaired are written down to their estimated fair value and cannot subsequently be written back up for increases in estimated fair value. Impairment losses are recorded in equity in earnings (losses) of equity method investees in NEE's consolidated statements of income. See Note 4 – Nonrecurring Fair Value Measurements.

Decommissioning and Dismantlement

NEE accounts for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. NEE's AROs relate primarily to decommissioning obligations of FPL's and NEER's nuclear units and to obligations for the dismantlement of certain of NEER's wind and solar facilities.

Nature of Accounting Estimates

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and plant dismantlement costs, involves estimating the amount and timing of future expenditures and making judgments concerning whether or not such costs are considered a legal obligation. Estimating the amount and timing of future expenditures includes, among other things, making projections of when assets will be retired and ultimately decommissioned and how costs will escalate with inflation. In addition, NEE also makes interest rate and rate of return projections on its investments in determining recommended funding requirements for nuclear decommissioning costs. Periodically, NEE is required to update these estimates and projections which can affect the annual expense amounts recognized, the liabilities recorded and the annual funding requirements for nuclear decommissioning costs. For example, an increase of 0.25% in the assumed escalation rates for nuclear decommissioning costs would increase NEE's AROs at December 31, 2021 by approximately $234 million.

Assumptions and Accounting Approach

FPL – For ratemaking purposes, FPL accrues and funds for nuclear plant decommissioning costs over the expected service life of each unit based on studies that are approved by the FPSC. The most recent studies, filed in 2020, reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units at the time of the studies. FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $10.2 billion, or $2.4 billion expressed in 2021 dollars. The ultimate costs of decommissioning reflect the application submitted to the NRC for the extension of St. Lucie Units Nos. 1 and 2 licenses for an additional 20 years.

Since NEE is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, this accounting guidance is reflected at NEE and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses and prior service costs or credits that are estimated to be allocable to FPL as net periodic (income) cost in future periods and that otherwise would be recorded in accumulated other comprehensive income are classified as regulatory assets and liabilities at NEE in accordance with regulatory treatment.

Net periodic pension income is calculated using a number of actuarial assumptions. Those assumptions for the years ended December 31, 2021, 2020 and 2019 include:

	2021	2020	2019
Discount rate	**2.53 %**	3.22 %	4.26 %
Salary increase	**4.40 %**	4.40 %	4.40 %
Expected long-term rate of return, net of investment management fees	**7.35 %**	7.35 %	7.35 %
Weighted-average interest crediting rate	**3.82 %**	3.83 %	3.88 %

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

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

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

		Increase (Decrease) in 2021 Net Periodic Pension Income	
	Change in Assumption	NEE	FPL
		(millions)	
Expected long-term rate of return	(0.5)%	$ (24)	$ (16)
Discount rate	0.5%	$ 13	$ 9
Salary increase	0.5%	$ (4)	$ (3)

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

See Note 12.

Carrying Value of Long-Lived Assets

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

Nature of Accounting Estimates

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

Assumptions and Accounting Approach

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

At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

In NEE's non-rate regulated operations, predominantly NextEra Energy Resources, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income.

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

Certain derivative transactions at NEER are entered into as economic hedges but the transactions do not meet the requirements for hedge accounting, hedge accounting treatment is not elected or hedge accounting has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility. These changes in fair value are reflected in the non-qualifying hedge category in computing adjusted earnings and could be significant to NEER's results because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. For additional information regarding derivative instruments, see Note 3, Overview and Energy Marketing and Trading and Market Risk Sensitivity.

Accounting for Pension Benefits

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

Nature of Accounting Estimates

For the pension plan, the benefit obligation is the actuarial present value, as of the December 31 measurement date, of all benefits attributed by the pension benefit formula to employee service rendered to that date. The amount of benefit to be paid depends on a number of future events incorporated into the pension benefit formula, including an estimate of the average remaining life of employees/survivors as well as the average years of service rendered. The projected benefit obligation is measured based on assumptions concerning future interest rates and future employee compensation levels. NEE derives pension income from actuarial calculations based on the plan's provisions and various management assumptions including discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets.

Assumptions and Accounting Approach

Accounting guidance requires recognition of the funded status of the pension plan in the balance sheet, with changes in the funded status recognized in other comprehensive income within shareholders' equity in the year in which the changes occur.

In September 2006, NEE and NEECH executed a Replacement Capital Covenant (as amended, September 2006 RCC) in connection with NEECH's offering of $350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (Series B junior subordinated debentures). The September 2006 RCC is for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness (covered debt) of NEECH (other than the Series B junior subordinated debentures) or, in certain cases, of NEE. NEECH's 3.50% Debentures, Series due April 1, 2029 have been designated as the covered debt under the September 2006 RCC. The September 2006 RCC provides that NEECH may redeem, and NEE or NEECH may purchase, any Series B junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price does not exceed a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the September 2006 RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the Series B junior subordinated debentures at the time of redemption or purchase, which are sold within 365 days prior to the date of the redemption or repurchase of the Series B junior subordinated debentures.

In June 2007, NEE and NEECH executed a Replacement Capital Covenant (as amended, June 2007 RCC) in connection with NEECH's offering of $400 million principal amount of its Series C Junior Subordinated Debentures due 2067 (Series C junior subordinated debentures). The June 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of NEECH (other than the Series C junior subordinated debentures) or, in certain cases, of NEE. NEECH's 3.50% Debentures, Series due April 1, 2029 have been designated as the covered debt under the June 2007 RCC. The June 2007 RCC provides that NEECH may redeem or purchase, or satisfy, discharge or defease (collectively, defease), and NEE and any majority-owned subsidiary of NEE or NEECH may purchase, any Series C junior subordinated debentures on or before June 15, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 365 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series C junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the June 2007 RCC.

New Accounting Rules and Interpretations

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board issued an accounting standards update which provides certain options to apply accounting guidance on contract modifications and hedge accounting as companies transition from the London Inter-Bank Offered Rate and other interbank offered rates to alternative reference rates. See Note 1 – Reference Rate Reform.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Accounting for Derivatives and Hedging Activities

NEE uses derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated primarily with outstanding and expected future debt issuances and borrowings. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and fuel marketing and trading activities to take advantage of expected future favorable price movements.

Nature of Accounting Estimates

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

Credit Ratings

NEE's liquidity, ability to access credit and capital markets, cost of borrowings and collateral posting requirements under certain agreements is dependent on its and its subsidiaries credit ratings. At February 17, 2022, Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P) and Fitch Ratings, Inc. (Fitch) had assigned the following credit ratings to NEE, FPL and NEECH:

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

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.
(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.
(c) Short-term ratings are presented as all bonds outstanding are currently paying a short-term interest rate. At FPL's election, a portion or all of the bonds may be adjusted to a long-term interest rate.

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

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

Covenants

NEE's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of NEE to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its subsidiaries. For example, FPL pays dividends to NEE in a manner consistent with FPL's long-term targeted capital structure. However, the mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends to NEE and the issuance of additional first mortgage bonds. Additionally, in some circumstances, the mortgage restricts the amount of retained earnings that FPL can use to pay cash dividends on its common stock. The restricted amount may change based on factors set out in the mortgage. Other than this restriction on the payment of common stock dividends, the mortgage does not restrict FPL's use of retained earnings. At December 31, 2021, no retained earnings were restricted by these provisions of the mortgage and, in light of FPL's current financial condition and level of earnings, management does not expect that planned financing activities or dividends would be affected by these limitations.

FPL may issue first mortgage bonds under its mortgage subject to its meeting an adjusted net earnings test set forth in the mortgage, which generally requires adjusted net earnings to be at least twice the annual interest requirements on, or at least 10% of the aggregate principal amount of, FPL's first mortgage bonds including those to be issued and any other non-junior FPL indebtedness. At December 31, 2021, coverage for the 12 months ended December 31, 2021 would have been approximately 9.1 times the annual interest requirements and approximately 3.9 times the aggregate principal requirements. New first mortgage bonds are also limited to an amount equal to the sum of 60% of unfunded property additions after adjustments to offset property retirements, the amount of retired first mortgage bonds or qualified lien bonds and the amount of cash on deposit with the mortgage trustee. At December 31, 2021, FPL could have issued in excess of $30.5 billion of additional first mortgage bonds based on the unfunded property additions and retired first mortgage bonds. At December 31, 2021, no cash was deposited with the mortgage trustee for these purposes.

guarantee until all NEE senior indebtedness has been paid in full in certain circumstances. NEE's and NEECH's ability to meet their financial obligations are primarily dependent on their subsidiaries' net income, cash flows and their ability to pay upstream dividends or to repay funds to NEE and NEECH. The dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements.

Summarized financial information of NEE and NEECH is as follows:

	Year Ended December 31, 2021		
	Issuer/ Guarantor Combined[a]	NEECH Consolidated[b]	NEE Consolidated[b]
		(millions)	
Operating revenues	$ (1)	$ 3,139	$ 17,069
Operating income (loss)	$ (352)	$ (1,317)	$ 2,913
Net income (loss)	$ (275)	$ (395)	$ 2,827
Net income (loss) attributable to NEE/NEECH	$ (275)	$ 351	$ 3,573

	December 31, 2021		
	Issuer/ Guarantor Combined[a]	NEECH Consolidated[b]	NEE Consolidated[b]
		(millions)	
Total current assets	$ 48	$ 5,662	$ 9,288
Total noncurrent assets	$ 2,308	$ 57,620	$ 131,624
Total current liabilities	$ 1,553	$ 11,560	$ 17,437
Total noncurrent liabilities	$ 27,956	$ 40,289	$ 77,806
Redeemable noncontrolling interests	$ —	$ 245	$ 245
Noncontrolling interests	$ —	$ 8,222	$ 8,222

(a) Excludes intercompany transactions, and investments in, and equity in earnings of, subsidiaries.

(b) Information has been prepared on the same basis of accounting as NEE's consolidated financial statements.

Shelf Registration

In March 2021, NEE, NEECH and FPL filed a shelf registration statement with the SEC for an unspecified amount of securities, which became effective upon filing. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. Securities that may be issued under the registration statement include, depending on the registrant, senior debt securities, subordinated debt securities, junior subordinated debentures, first mortgage bonds, common stock, preferred stock, depositary shares, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities.

At December 31, 2021, 72 banks, located globally, participated in FPL's and NEECH's revolving credit facilities, with no one bank providing more than 6% of the combined revolving credit facilities. Pursuant to a 1998 guarantee agreement, NEE guarantees the payment of NEECH's debt obligations under its revolving credit facilities. In order for FPL or NEECH to borrow or to have letters of credit issued under the terms of their respective revolving credit facilities and, also for NEECH, its letter of credit facilities, FPL, in the case of FPL, and NEE, in the case of NEECH, are required, among other things, to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL and NEECH revolving credit facilities also contain default and related acceleration provisions relating to, among other things, failure of FPL and NEE, as the case may be, to maintain the respective ratio of funded debt to total capitalization at or below the specified ratio. At December 31, 2021, each of NEE and FPL was in compliance with its required ratio.

Capital Support

Guarantees, Letters of Credit, Surety Bonds and Indemnifications (Guarantee Arrangements)
Certain subsidiaries of NEE issue guarantees and obtain letters of credit and surety bonds, as well as provide indemnities, to facilitate commercial transactions with third parties and financings. Substantially all of the guarantee arrangements are on behalf of NEE's consolidated subsidiaries, as discussed in more detail below. NEE is not required to recognize liabilities associated with guarantee arrangements issued on behalf of its consolidated subsidiaries unless it becomes probable that they will be required to perform. At December 31, 2021, NEE believes that there is no material exposure related to these guarantee arrangements.

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

In addition, at December 31, 2021, NEE subsidiaries had approximately $5.2 billion in guarantees related to obligations under purchased power agreements, nuclear-related activities, payment obligations related to PTCs, as well as other types of contractual obligations (see Note 4 – Contingent Consideration and Note 15 – Commitments).

In some instances, subsidiaries of NEE elect to issue guarantees instead of posting other forms of collateral required under certain financing arrangements, as well as for other project-level cash management activities. At December 31, 2021, these guarantees totaled approximately $576 million and support, among other things, cash management activities, including those related to debt service and operations and maintenance service agreements, as well as other specific project financing requirements.

Subsidiaries of NEE also issue guarantees to support customer supply and proprietary power and gas trading activities, including the buying and selling of wholesale and retail energy commodities. At December 31, 2021, the estimated mark-to-market exposure (the total amount that these subsidiaries of NEE could be required to fund based on energy commodity market prices at December 31, 2021) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled approximately $1.3 billion.

At December 31, 2021, subsidiaries of NEE also had approximately $3.7 billion of standby letters of credit and approximately $902 million of surety bonds to support certain of the commercial activities discussed above. FPL's and NEECH's credit facilities are available to support the amount of the standby letters of credit.

In addition, as part of contract negotiations in the normal course of business, certain subsidiaries of NEE have agreed and in the future may agree to make payments to compensate or indemnify other parties, including those associated with asset divestitures, for possible unfavorable financial consequences resulting from specified events. The specified events may include, but are not limited to, an adverse judgment in a lawsuit, or the imposition of additional taxes due to a change in tax law or interpretations of the tax law. NEE is unable to estimate the maximum potential amount of future payments under some of these contracts because events that would obligate them to make payments have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL. NEE has fully and unconditionally guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures registered pursuant to the Securities Act of 1933 and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of subsidiaries within the NEER segment. Certain guarantee arrangements described above contain requirements for NEECH and FPL to maintain a specified credit rating. For a discussion of credit rating downgrade triggers, see Credit Ratings below.

NEE fully and unconditionally guarantees NEECH debentures pursuant to a guarantee agreement, dated as of June 1, 1999 (1999 guarantee) and NEECH junior subordinated debentures pursuant to an indenture, dated as of September 1, 2006 (2006 guarantee). The 1999 guarantee is an unsecured obligation of NEE and ranks equally and ratably with all other unsecured and unsubordinated indebtedness of NEE. The 2006 guarantee is unsecured and subordinate and junior in right of payment to NEE senior indebtedness (as defined therein). No payment on those junior subordinated debentures may be made under the 2006

The following table provides a summary of capital investments for 2021, 2020 and 2019.

	Years Ended December 31,		
	2021	2020	2019
		(millions)	
FPL Segment:			
Generation:			
New	$ 830	$ 1,464	$ 1,242
Existing	1,380	1,063	1,215
Transmission and distribution	4,065	3,150	2,893
Nuclear fuel	159	203	195
General and other	835	651	550
Other, primarily change in accrued property additions and exclusion of AFUDC – equity	(484)	149	(340)
Total	6,785	6,680	5,755
Gulf Power	782	1,012	729
NEER:			
Wind	3,777	3,359	1,974
Solar (includes solar plus battery storage projects)	2,011	1,920	1,741
Battery storage	304	168	29
Nuclear, including nuclear fuel	241	125	179
Natural gas pipelines	229	269	687
Other gas infrastructure	669	572	969
Rate-regulated transmission (2021 and 2019 includes acquisitions, see Note 6)	980	360	829
Other	152	120	97
Total	8,363	6,893	6,505
Corporate and Other (2019 primarily relates to acquisitions, see Note 6)	147	25	4,473
Total capital expenditures, independent power and other investments and nuclear fuel purchases	$ 16,077	$ 14,610	$ 17,462

Liquidity

At December 31, 2021, NEE's total net available liquidity was approximately $10.6 billion. The table below provides the components of FPL's and NEECH's net available liquidity at December 31, 2021.

				Maturity Date	
	FPL	NEECH	Total	FPL	NEECH
		(millions)			
Syndicated revolving credit facilities[a]	$ 3,798	$ 5,257	$ 9,055	2022 – 2026	2022 – 2026
Issued letters of credit	(3)	(1,374)	(1,377)		
	3,795	3,883	7,678		
Bilateral revolving credit facilities[b]	780	2,675	3,455	2022 – 2024	2022 – 2023
Borrowings	—	—	—		
	780	2,675	3,455		
Letter of credit facilities[c]	—	2,300	2,300		2022 – 2024
Issued letters of credit	—	(1,307)	(1,307)		
	—	993	993		
Subtotal	4,575	7,551	12,126		
Cash and cash equivalents	55	582	637		
Commercial paper and other short-term borrowings outstanding	(1,582)	(500)	(2,082)		
Amounts due to related parties under the CSCS agreement (see Note 8)	—	(57)	(57)		
Net available liquidity	$ 3,048	$ 7,576	$ 10,624		

(a) Provide for the funding of loans up to the amount of the credit facility and the issuance of letters of credit up to $3,275 million ($650 million for FPL and $2,625 million for NEECH). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's syndicated revolving credit facilities are also available to support the purchase of $1,375 million of pollution control, solid waste disposal and industrial development revenue bonds in the event they are tendered by individual bondholders and not remarketed prior to maturity as well as the repayment of approximately $882 million of floating rate notes in the event an individual noteholder requires repayment at specified dates prior to maturity. Approximately $3,120 million of FPL's and $3,889 million of NEECH's syndicated revolving credit facilities expire in 2026.

(b) Approximately $150 million of NEECH's bilateral revolving credit facilities is available for costs incurred in connection with the development, construction and operations of wind and solar power generation facilities.

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

Cash Flows

NEE's sources and uses of cash for 2021, 2020 and 2019 were as follows:

	Years Ended December 31,		
	2021	2020	2019
		(millions)	
Sources of cash:			
Cash flows from operating activities	$ 7,553	$ 7,983	$ 8,155
Issuances of long-term debt, including premiums and discounts	16,683	12,404	13,905
Proceeds from differential membership investors	2,779	3,522	1,604
Sale of independent power and other investments of NEER	2,761	1,012	1,316
Issuances of common stock/equity units – net	14	—	1,494
Payments from related parties under a cash sweep and credit support agreement – net	47	—	—
Proceeds from sale of noncontrolling interests	65	501	99
Other sources – net	40	83	121
Total sources of cash	29,942	25,505	26,694
Uses of cash:			
Capital expenditures, acquisitions, independent power and other investments and nuclear fuel purchases	(16,077)	(14,610)	(17,462)
Retirements of long-term debt	(9,594)	(6,103)	(5,492)
Net decrease in commercial paper and other short-term debt[a]	(426)	(907)	(4,799)
Payments to related parties under a cash sweep and credit support agreement – net	—	(2)	(54)
Issuances of common stock/equity units – net	—	(92)	—
Dividends	(3,024)	(2,743)	(2,408)
Other uses – net	(1,052)	(590)	(628)
Total uses of cash	(30,173)	(25,047)	(30,843)
Effects of currency translation on cash, cash equivalents and restricted cash	1	(20)	4
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (230)	$ 438	$ (4,145)

(a) 2019 amount primarily relates to the acquisition of Gulf Power Company. See Note 6 – Gulf Power Company.

For significant financing activity that occurred in January 2022, see Note 13.

NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generation facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. See Note 15 – Commitments for estimated capital expenditures in 2022 through 2026.

Interest Expense
NEER's interest expense for 2021 decreased approximately $292 million primarily reflecting $251 million of favorable impacts related to changes in the fair value of interest rate derivative instruments.

Equity in Earnings (Losses) of Equity Method Investees
NEER recognized $666 million of equity in earnings of equity method investees in 2021 compared to $1,351 million of equity in losses of equity method investees for the prior year. The change for 2021 primarily reflects the absence of an impairment charge related to the investment in Mountain Valley Pipeline of approximately $1.5 billion recorded in 2020 and higher equity in earnings of NEP recorded in 2021 primarily due to changes in the fair value of interest rate derivative instruments. Due to continued legal and regulatory challenges related to Mountain Valley Pipeline, NextEra Energy Resources also recorded an impairment charge in the first quarter of 2022 of approximately $0.8 billion ($0.6 billion after tax). See Note 4 – Nonrecurring Fair Value Measurements.

Tax Credits, Benefits and Expenses
PTCs from wind projects and ITCs from solar and certain wind projects are reflected in NEER's earnings. PTCs are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes. Reflected in income taxes in NEE's consolidated statements of income are PTCs totaling approximately $90 million and $150 million and ITCs totaling approximately $237 million and $133 million in 2021 and 2020, respectively. A portion of the PTCs and ITCs have been allocated to investors in connection with sales of differential membership interests. See Note 1 – Income Taxes for a discussion of PTCs and ITCs and Note 5.

Corporate and Other: Results of Operations

Corporate and Other at NEE is primarily comprised of the operating results of other business activities, as well as corporate interest income and expenses. Corporate and Other allocates a portion of NEECH's corporate interest expense to NextEra Energy Resources. Interest expense is allocated based on a deemed capital structure of 70% debt and differential membership interests sold by NextEra Energy Resources' subsidiaries.

Corporate and Other's results increased $268 million during 2021 primarily due to favorable after-tax impacts of approximately $370 million, as compared to the prior year, related to non-qualifying hedge activity as a result of changes in the fair value of interest rate derivative instruments. The favorable non-qualifying hedge activity was partly offset by higher interest and refinancing costs incurred in 2021.

LIQUIDITY AND CAPITAL RESOURCES

NEE and its subsidiaries require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures (see Note 15 – Commitments), investments in or acquisitions of assets and businesses (see Note 6), payment of maturing debt and related derivative obligations (see Note 13 and Note 3) and, from time to time, redemption or repurchase of outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of cash flows from operations, short- and long-term borrowings, the issuance of short- and long-term debt and, from time to time, equity securities, proceeds from differential membership investors and sales of assets to NEP or third parties (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interest), consistent with NEE's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NEE, FPL and NEECH rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NEE, FPL and NEECH to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

In October 2015, NEE authorized a program to purchase, from time to time, up to $150 million of common units representing limited partner interests in NEP. Under the program, purchases may be made in amounts, at prices and at such times as NEE or its subsidiaries deem appropriate, all subject to market conditions and other considerations. The purchases may be made in the open market or in privately negotiated transactions. Any purchases will be made in such quantities, at such prices, in such manner and on such terms and conditions as determined by NEE or its subsidiaries in their discretion, based on factors such as market and business conditions, applicable legal requirements and other factors. The common unit purchase program does not require NEE to acquire any specific number of common units and may be modified or terminated by NEE at any time. The purpose of the program is not to cause NEP's common units to be delisted from the New York Stock Exchange or to cause the common units to be deregistered with the SEC. As of December 31, 2021, the dollar value of units that may yet be purchased by NEE under this program was $114 million. At December 31, 2021, NEE owned a noncontrolling general partner interest in NEP and beneficially owned approximately 55.0% of NEP's voting power.

NEER: Results of Operations

NEER owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets in the U.S. and Canada. NEER also provides full energy and capacity requirements services, engages in power and fuel marketing and trading activities, owns, develops, constructs and operates rate-regulated transmission facilities and transmission lines and invests in natural gas, natural gas liquids and oil production and pipeline infrastructure assets. NEER's net income less net loss attributable to noncontrolling interests for 2021 and 2020 was $599 million and $531 million, respectively, resulting in an increase in 2021 of $68 million. The primary drivers, on an after-tax basis, of the change are in the following table.

	Increase (Decrease) From Prior Period
	Year Ended December 31, 2021
	(millions)
New investments[a]	$ 235
Existing generation and storage assets[a]	(70)
Gas infrastructure[a]	49
Customer supply and proprietary power and gas trading[b]	(37)
NEET[b]	13
Other, including income taxes and other investment income	52
Change in non-qualifying hedge activity[c]	(1,297)
Change in unrealized gains/losses on equity securities held in nuclear decommissioning funds and OTTI, net[c]	68
NEP investment gains, net[c]	121
Disposal of a business[c]	(274)
Impairment charge related to investment in Mountain Valley Pipeline[c]	1,208
Increase in net income less net loss attributable to noncontrolling interests	$ 68

(a) Reflects after-tax project contributions, including the net effect of deferred income taxes and other benefits associated with PTCs and ITCs for wind, solar and storage projects, as applicable (see Note 1 – Income Taxes and – Sales of Differential Membership Interests and Note 5), but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results, including repowered wind projects, are included in existing generation and storage assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.
(b) Excludes allocation of interest expense and corporate general and administrative expenses.
(c) See Overview – Adjusted Earnings for additional information.

New Investments

In 2021, results from new investments increased primarily due to higher earnings, including the net effect of deferred income taxes and other benefits associated with PTCs and ITCs, related to the addition of wind and solar generating projects and battery storage during or after 2020.

The discussion below describes changes in certain line items set forth in NEE's consolidated statements of income as they relate to NEER.

Operating Revenues

Operating revenues for 2021 decreased $1,993 million primarily due to:

- the impact of non-qualifying commodity hedges due primarily to changes in energy prices (approximately $2,510 million of losses during 2021 compared to $244 million of losses for 2020), and
- lower revenues from existing generation and storage assets of $331 million primarily due to the impacts of severe prolonged winter weather in Texas in February 2021 (February 2021 weather event), the absence of revenues of certain wind and solar facilities sold to NEP in October 2021 and lower nuclear revenues, due primarily to the closure of Duane Arnold in August 2020,

partly offset by,

- revenues from new investments of $263 million,
- net increases in revenues of $247 million from the customer supply, proprietary power and gas trading, and gas infrastructure businesses, and
- higher revenues of $56 million from NEET primarily related to the acquisition of GridLiance in 2021.

Operating Expenses – net

Operating expenses – net for 2021 increased $309 million primarily due to an increase in depreciation expense of $116 million primarily related to new investments, higher fuel costs of $98 million and an increase of $73 million in O&M expenses primarily related to bad debt expense associated with the February 2021 weather event (see Note 1 – Credit Losses).

Gains on Disposal of Businesses/Assets – net

In 2021, gains on disposal of businesses/assets – net primarily relate to sales of ownership interests in wind and solar projects to NEP and a third party; in 2020, the amount was primarily related to the sale of the Spain projects in the first quarter of 2020. See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

Retail Base

The FPL segment's retail base revenues for 2021 and 2020 reflect the 2016 rate agreement. In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective in January 2017 and remained in effect until December 2021. The 2016 rate agreement established the FPL segment's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allowed for retail rate base increases in 2017, 2018, and upon commencement of commercial operations at the Okeechobee Clean Energy Center and certain solar projects. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2017 through December 2021 for additional information on the 2016 rate agreement.

Retail base revenues decreased $9 million during the year ended December 31, 2021 and were impacted by a decrease of 2.6% in the average usage per retail customer, primarily related to unfavorable weather when compared to the prior year, partly offset by an increase of 1.5% in the average number of customer accounts. See Note 1 – Rate Regulation.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar, environmental projects, storm protection plan investments and the unamortized balance of the regulatory asset associated with the FPL segment's acquisition of certain generation facilities. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2021 net underrecovery impacting the FPL segment's operating cash flows was approximately $516 million, primarily related to the fuel cost recovery clause.

Fuel cost recovery revenues increased approximately $775 million in 2021 primarily as a result of higher fuel and energy prices. In 2021 and 2020, cost recovery clauses contributed approximately $124 million and $111 million, respectively, to the FPL segment's net income. FPL's fuel cost recovery clause revenues and expenses are expected to increase in 2022 as a result of the collection of underrecovered 2021 fuel costs and higher projected natural gas prices in 2022.

Other Items Impacting the FPL Segment's Consolidated Statements of Income

Fuel, Purchase Power and Interchange Expense
Fuel, purchased power and interchange expense increased $807 million in 2021 primarily related to higher fuel and energy prices.

Depreciation and Amortization Expense
The major components of the FPL segment's depreciation and amortization expense are as follows:

	Years Ended December 31,	
	2021	2020
	(millions)	
Reserve reversal (amortization) recorded under the 2016 rate agreement	$ (429)	$ 1
Other depreciation and amortization recovered under base rates (excluding reserve amortization) and other	2,168	2,017
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	229	228
Total	$ 1,968	$ 2,246

Depreciation expense decreased $278 million during 2021 primarily reflecting the recording of reserve amortization in 2021 compared to the reversal of reserve amortization in 2020, partly offset by increased depreciation related to higher plant in service balances. Reserve amortization, or reversal of such amortization, reflects adjustments to accrued asset removal costs provided under the 2016 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as either an increase or decrease to accrued asset removal costs which is reflected in noncurrent regulatory assets at December 31, 2021 and in noncurrent regulatory liabilities at December 31, 2020 on NEE's and FPL's consolidated balance sheets. See Note 1 – Rate Regulation – Base Rates Effective January 2022 through December 2025 – and Electric Plant, Depreciation and Amortization – for discussion of reserve amortization, including certain limitations on reserve amortization in 2022, and new unified depreciation rates under the 2021 rate agreement.

Gulf Power: Results of Operations

Gulf Power's net income increased $33 million in 2021. During 2021, operating revenues increased $105 million primarily related to higher fuel cost recovery revenues. Operating expenses – net increased $89 million in 2021 primarily related to increases in fuel, purchased power and interchange expense, partly offset by lower O&M expenses.

FPL: Results of Operations

The table below presents net income for FPL by reportable segment, the FPL segment and Gulf Power. Prior year FPL amounts have been retrospectively adjusted to reflect the merger of FPL and Gulf Power Company discussed above. In the following discussions, all comparisons are with the corresponding items in the prior year.

	Net Income		
	Years Ended December 31,		
	2021	2020	2019
	(millions)		
FPL Segment	$ 2,935	$ 2,650	$ 2,334
Gulf Power	271	238	180
Corporate and Other	—	2	5
FPL	$ 3,206	$ 2,890	$ 2,519

FPL Segment: Results of Operations

The FPL segment obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. The FPL segment's net income for 2021 and 2020 was $2,935 million and $2,650 million, respectively, representing an increase of $285 million. The increase was primarily driven by higher earnings from investments in plant in service and other property. Such investments grew the FPL segment's average retail rate base by approximately $3.3 billion in 2021 and reflect, among other things, solar generation additions and ongoing transmission and distribution additions.

During 2021 and 2020, FPL's service area was impacted by hurricanes and tropical storms, which resulted in the recording of incremental storm restoration costs. FPL determined that it would not seek recovery of certain of such costs through a storm surcharge from customers and instead recorded such costs as storm restoration costs in NEE's and FPL's consolidated statements of income. The FPL segment used available reserve amortization to offset all such storm restoration costs that were expensed. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.

The use of reserve amortization was permitted by the 2016 rate agreement. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2017 through December 2021 for additional information on the 2016 rate agreement. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 rate agreement, reserve amortization was calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of the FPL segment's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC – equity and revenue and costs not recoverable from retail customers. In 2021 and 2020, the FPL segment recorded reserve amortization of approximately $429 million and the reversal of reserve amortization of $1 million, respectively. The FPL segment's regulatory ROE for both 2021 and 2020 was approximately 11.60%.

In December 2021, the FPSC issued a final order approving the 2021 rate agreement which became effective in January 2022 and will remain in effect until at least December 2025, establishes FPL's allowed regulatory ROE at 10.60%, with a range of 9.70% to 11.70%, and allows for retail rate base increases in 2022 and 2023. In December 2021, Floridians Against Increased Rates, Inc. and, as a group in January 2022, Florida Rising, Inc., Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida filed notices of appeal challenging the FPSC's final order approving the 2021 rate agreement, which notices of appeal are pending before the Florida Supreme Court. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025 for additional information on the 2021 rate agreement.

During 2021, operating revenues increased $938 million primarily related to higher fuel cost recovery revenues as discussed in cost recovery clauses below.

NEER's results increased in 2021 primarily driven by the absence of an impairment charge related to its investment in Mountain Valley Pipeline occurring in 2020 and higher earnings on new investments, partly offset by unfavorable non-qualifying hedge activity compared to 2020 and the absence of the 2020 gain on the sale of the Spain projects. In 2021, NEER added approximately 2,008 MW of new wind generating capacity and 728 MW of solar generating capacity, repowered 435 MW of wind generating capacity and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2021 increased primarily due to favorable non-qualifying hedge activity.

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

RESULTS OF OPERATIONS

Net income attributable to NEE for 2021 was $3.57 billion compared to $2.92 billion in 2020. In 2021, net income attributable to NEE increased primarily due to higher results at the FPL segment, Corporate and Other, NEER and Gulf Power. The comparison of the results of operations for the years ended December 31, 2020 and 2019 are included in Management's Discussion in NEE's and FPL's Annual Report on Form 10-K for the year ended December 31, 2020.

In February 2020, a subsidiary of NextEra Energy Resources completed the sale of its ownership interest in two solar generation facilities located in Spain with a total generating capacity of 99.8 MW. In December 2020, a subsidiary of NextEra Energy Resources sold a 90% noncontrolling ownership interest in a portfolio of three wind generation facilities and four solar generation facilities representing a total net generating capacity of 900 MW. Additionally in December 2020, a subsidiary of NextEra Energy Resources sold its 100% ownership interest in a 100 MW solar generation facility and a 30 MW battery storage facility under construction, which achieved commercial operations in June 2021, to a NEP subsidiary. In October 2021, subsidiaries of NextEra Energy Resources completed the sale to a NEP subsidiary of their 100% ownership interests in three wind generation facilities and one solar generation facility with a total generating capacity of 467 MW and 33.3% of the noncontrolling ownership interests in four solar generation facilities and multiple distributed generation solar facilities representing a total net generating capacity of 122 MW. In December 2021, subsidiaries of NextEra Energy Resources sold their 100% ownership interest in a portfolio of seven wind generation facilities and six solar generation facilities representing a total generating capacity of 2,520 MW and 115 MW of battery storage capacity, three of which are currently under construction with expected in-service dates in the first half of 2022. See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests.

In March 2021, a wholly owned subsidiary of NEET acquired GridLiance Holdco, LP and GridLiance GP, LLC (GridLiance, which owns and operates three FERC-regulated transmission utilities across six states, five in the Midwest and Nevada. See Note 6 – GridLiance.

NEE's effective income tax rates for the years ended December 31, 2021 and 2020 were approximately 11% and 2%, respectively. The rates for both years reflect the impact of PTCs and ITCs and, in 2020, also reflect the impact of lower pretax income and the gain on sale of the Spain solar projects which was not taxable for federal nor state income tax purposes. See Note 5.

On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. See Note 6 – Merger of FPL and Gulf Power Company. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE. See Item 1. Business – FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025.

Adjusted Earnings

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

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

	Years Ended December 31,		
	2021	2020	2019
	(millions)		
Net losses associated with non-qualifying hedge activity[a]	$ (1,576)	$ (649)	$ (406)
Differential membership interests-related – NEER	$ (98)	$ (87)	$ (89)
NEP investment gains, net – NEER	$ 27	$ (94)	$ 96
Gain on disposal of a business – NEER[b]	$ —	$ 274	$ —
Change in unrealized gains (losses) on NEER's nuclear decommissioning funds and OTTI, net – NEER	$ 199	$ 131	$ 176
Acquisition-related[c]	$ —	$ —	$ (70)
Impairment charge related to investment in Mountain Valley Pipeline – NEER[d]	$ —	$ (1,208)	$ —

(a) For 2021, 2020 and 2019, approximately $1,735 million, $438 million and $65 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

(b) See Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests for a discussion of the sale of two solar generation facilities in Spain (Spain projects).

(c) For 2019, approximately $44 million, $20 million and $6 million of costs are included in Corporate and Other's, Gulf Power's and NEER's net income, respectively.

(d) See Note 4 – Nonrecurring Fair Value Measurements for a discussion of the impairment charge in 2020 related to the investment in Mountain Valley Pipeline, LLC (Mountain Valley Pipeline).

NEE segregates into two categories unrealized mark-to-market gains and losses and timing impacts related to derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative, interest rate derivative and foreign currency transactions entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to certain of the positions are generally not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the impact of the non-qualifying hedges as a meaningful measure of current period performance. The second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

2021 Summary

Net income attributable to NEE for 2021 was higher than 2020 by $654 million, or $0.33 per share, assuming dilution, due to higher results at the FPL segment, Corporate and Other, NEER and Gulf Power.

FPL's net income increased by $316 million in 2021 primarily reflecting higher results at the FPL segment and at Gulf Power. The FPL segment's increase in net income for 2021 was primarily driven by continued investments in plant in service and other property. Gulf Power's increase in net income in 2021 was primarily driven by reductions in O&M expenses.

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

OVERVIEW

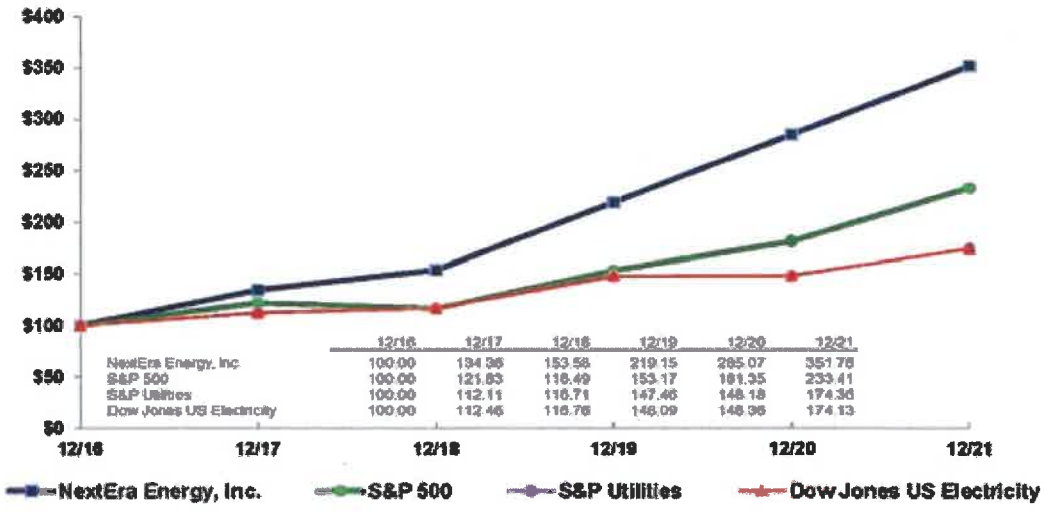
NEE's operating performance is driven primarily by the operations of its two principal businesses, FPL, which serves more than 5.7 million customer accounts in Florida and is one of the largest electric utilities in the U.S., and NEER, which together with affiliated entities is the world's largest generator of renewable energy from the wind and sun based on 2021 MWh produced on a net generation basis. The table below presents net income (loss attributable to NEE and earnings (loss per share attributable to NEE, assuming dilution, by reportable segment, the FPL segment and NEER, as well as an operating segment of NEE, Gulf Power, which was acquired by NEE in January 2019 and merged into FPL on January 1, 2021 (see Note 6 – Merger of FPL and Gulf Power Company. Corporate and Other is primarily comprised of the operating results of other business activities, as well as other income and expense items, including interest expense, and eliminating entries, and may include the net effect of rounding. The following discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein and all comparisons are with the corresponding items in the prior year.

	Net Income (Loss) Attributable to NEE			Earnings (Loss) Per Share Attributable to NEE, Assuming Dilution		
	Years Ended December 31,			Years Ended December 31,		
	2021	2020	2019	2021	2020	2019
	(millions)					
FPL Segment	$ 2,935	$ 2,650	$ 2,334	$ 1.49	$ 1.35	$ 1.20
Gulf Power	271	238	180	0.14	0.12	0.09
NEER[a]	599	531	1,807	0.30	0.27	0.93
Corporate and Other	(232)	(500)	(552)	(0.12)	(0.26)	(0.28)
NEE	$ 3,573	$ 2,919	$ 3,769	$ 1.81	$ 1.48	$ 1.94

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

For the five years ended December 31, 2021, NEE delivered a total shareholder return of approximately 251.8%, above the S&P 500's 133.4% return, the S&P 500 Utilities' 74.4% return and the Dow Jones U.S. Electricity's 74.1% return. The historical stock performance of NEE's common stock shown in the performance graph below is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among NextEra Energy, Inc., the S&P 500 Index,
the S&P Utilities Index and the Dow Jones US Electricity Index



	12/16	12/17	12/18	12/19	12/20	12/21
NextEra Energy, Inc	100.00	134.36	153.58	219.15	285.07	351.78
S&P 500	100.00	121.83	116.49	153.17	181.35	233.41
S&P Utilities	100.00	112.11	116.71	147.46	148.18	174.36
Dow Jones US Electricity	100.00	112.46	116.76	146.09	148.36	174.13

*$100 invested on 12/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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PART II

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

Common Stock Data. All of FPL's common stock is owned by NEE. NEE's common stock is traded on the New York Stock Exchange under the symbol "NEE." As of January 31, 2022, there were 15,274 holders of record of NEE's common stock. The amount and timing of dividends payable on NEE's common stock are within the sole discretion of NEE's Board of Directors. The Board of Directors reviews the dividend rate at least annually (generally in February to determine its appropriateness in light of NEE's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions, change in business mix and any other factors the Board of Directors deems relevant. In February 2022, NEE announced that it would increase its quarterly dividend on its common stock from $0.385 per share to $0.425 per share.

Issuer Purchases of Equity Securities. Information regarding purchases made by NEE of its common stock during the three months ended December 31, 2021 is as follows:

Period	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program[(b)]
10/1/21 – 10/31/21	—	—	—	180,000,000
11/1/21 – 11/30/21	1,350	$ 87.34	—	180,000,000
12/1/21 – 12/31/21	1,306	$ 90.78	—	180,000,000
Total	2,656	$ 89.03	—	

(a) Includes: (1) in November 2021, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan; and (2) in December 2021, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NEE's obligation under a February 2006 grant under the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (former LTIP) to an executive officer of deferred retirement share awards.

(b) In May 2017, NEE's Board of Directors authorized repurchases of up to 45 million shares of common stock (180 million shares after giving effect to the four-for-one stock split of NEE common stock effective October 26, 2020) over an unspecified period.

Item 6. Reserved

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

See Item 1. Business – FPL and Item 1. Business – NEER for a description of principal properties.

Character of Ownership

Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL's real property is held in fee and is free from other encumbrances, subject to minor exceptions which are not of a nature as to substantially impair the usefulness to FPL of such properties. Some of FPL's electric lines are located on parcels of land which are not owned in fee by FPL but are covered by necessary consents of governmental authorities or rights obtained from owners of private property. Subsidiaries within the NEER segment have ownership interests in entities that own generation facilities, pipeline facilities and transmission assets and a number of those facilities and assets are encumbered by liens securing various financings. Additionally, the majority of NEER's generation facilities, pipeline facilities and transmission lines are located on land under easement or leased from owners of private property. See Note 7 – FPL and – NEER.

Item 3. Legal Proceedings

With regard to environmental proceedings to which a governmental authority is a party, NEE's and FPL's policy is to disclose any such proceeding if it is reasonably expected to result in monetary sanctions of greater than or equal to $1 million.

The Environment and Natural Resources Division of the U.S. Department of Justice (DOJ indicated to NEER during the fourth quarter of 2021 that its final position is that the act of an eagle flying into a wind turbine that results in the death of the eagle is a crime under the Migratory Bird Treaty Act (MBTA and Bald and Golden Eagle Protection Act (BGEPA. The DOJ is investigating eagle fatalities that have occurred in proximity to a number of wind facilities operated by NEER, primarily in the Altamont region of California and in Wyoming, and alleges that the facilities caused eagle fatalities without having a permit in violation of the BGEPA and/or the MBTA. NEER undertakes adaptive management practices designed to avoid and minimize eagle impacts and is working with both the DOJ and the U.S. Fish and Wildlife Service toward a constructive resolution that would resolve all prior fatalities at wind facilities operated by NEER nationwide, even though federal courts covering large portions of the U.S. have concluded that these statutes are intended to cover only hunting, poaching and other intentional acts and do not apply to accidental collisions with wind turbines or other structures, such as airplanes and buildings. NEE anticipates that any such resolution would not have a material adverse impact on its business, financial condition, results of operations or prospects.

Item 4. Mine Safety Disclosures

Not applicable

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

NEE holds certain investments where changes in the fair value affect NEE's financial results. In some cases there may be no observable market values for these investments, requiring fair value estimates to be based on other valuation techniques. This type of analysis requires significant judgment and the actual values realized in a sale of these investments could differ materially from those estimated. A sale of an investment below previously estimated value, or other decline in the fair value of an investment, could result in losses or the write-off of such investment, and may have a material adverse effect on NEE's liquidity, financial condition and results of operations.

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

NEE is a holding company and, as such, has no material operations of its own. Substantially all of NEE's consolidated assets are held by its subsidiaries. NEE's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on its subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds to NEE.

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

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

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

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

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

Through an indirect wholly owned subsidiary, NEE owns a limited partner interest in NEP OpCo. NEP's inability to access capital on commercially reasonable terms and effectively consummate future acquisitions could have a material adverse effect on NEP's ability to grow its cash distributions to its common unitholders, including NEE, and on the value of NEE's limited partnership interest in NEP OpCo. In addition, NEP's issuance of additional common units, securities convertible into NEP common units or other securities in connection with acquisitions could cause significant common unitholder dilution and reduce cash distributions to its common unitholders, including NEE, if the acquisitions are not sufficiently accretive.

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

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

Widespread public health crises and epidemics or pandemics may have material adverse impacts on NEE's and FPL's business, financial condition, liquidity and results of operations.

NEE and FPL are subject to the impacts of widespread public health crises, epidemics and pandemics, including, but not limited to, impacts on the global, national or local economy, capital and credit markets, NEE's and FPL's workforce, customers and suppliers. There is no assurance that NEE's and FPL's businesses will be able to operate without material adverse impacts depending on the nature of the public health crisis, epidemic or pandemic. The ultimate severity, duration and impact of public health crises, epidemics and pandemics cannot be predicted. Additionally, there is no assurance that vaccines, or other treatments, are or will be widely available or effective, or that the public will be willing to participate, in an effort to contain the spread of disease. Actions taken in response to such crises by federal, state and local government or regulatory agencies may have a material adverse impact on NEE's and FPL's business, financial condition, liquidity and results of operations.

capital, which, in turn, could adversely affect its ability to grow its business, could contribute to lower earnings and reduced financial flexibility, and could have a material adverse effect on its business, financial condition, results of operations and prospects.

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

The inability of subsidiaries that have existing project-specific or other financing arrangements to meet the requirements of various agreements relating to those financings, as well as actions by third parties or lenders, could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral. Such an occurrence also could result in NEE expending additional funds or incurring additional obligations over the shorter term to ensure continuing compliance with project-specific financing arrangements based upon the expectation of improvement in the project's performance or financial returns over the longer term. Any of these actions could materially adversely affect NEE's business, financial condition, results of operations and prospects, as well as the availability or terms of future financings for NEE or its subsidiaries.

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

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

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

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

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

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

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

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

NEE and FPL are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. A decline in the market value of the assets held in the decommissioning funds due to poor investment performance or other factors may increase the funding requirements for these obligations. Any increase in funding requirements may have a material adverse effect on NEE's and FPL's liquidity, financial condition and results of operations.

and the exposure to liability and property damages could exceed the amount of insurance coverage. If NEE or FPL is unable to recover the additional costs incurred through insurance or, in the case of FPL, through regulatory mechanisms, their business, financial condition, results of operations and prospects could be materially adversely affected.

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

Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains the maximum amount of private liability insurance obtainable, and participates in a secondary financial protection system, which provides liability insurance coverage for an incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments and/or retrospective insurance premiums, plus any applicable taxes, for an incident at any nuclear reactor in the U.S. or at certain nuclear generation facilities in Europe, regardless of fault or proximity to the incident. Such assessments, if levied, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

If any of NEE's or FPL's nuclear generation facilities are not operated for any reason through the life of their respective operating licenses, NEE or FPL may be required to increase depreciation rates, incur impairment charges and accelerate future decommissioning expenditures, any of which could materially adversely affect their business, financial condition, results of operations and prospects.

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

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

Liquidity, Capital Requirements and Common Stock Risks

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

NEE and FPL rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations requirements that are not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those capital and credit markets, including, but not limited to, the planned phase out of the London Inter-Bank Offered Rate or the reform or replacement of other benchmark rates, could increase NEE's and FPL's cost of capital and affect their ability to fund their liquidity and capital needs and to meet their growth objectives. If NEE or FPL is unable to access regularly the capital and credit markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and incur an unfavorable cost of

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

NEE and FPL execute transactions in derivative instruments on either recognized exchanges or via the OTC markets, depending on management's assessment of the most favorable credit and market execution factors. Transactions executed in OTC markets have the potential for greater volatility and less liquidity than transactions on recognized exchanges. As a result, NEE and FPL may not be able to execute desired OTC transactions due to such heightened volatility and limited liquidity.

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

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

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

Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can have a negative impact on the reputation of NEE and FPL, on the morale and performance of their employees and on their relationships with regulators. It may also have a negative impact on their ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

Nuclear Generation Risks

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

NEE's and FPL's nuclear generation facilities are subject to environmental, health and financial risks, including, but not limited to, those relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack or cyber incident and other potential liabilities arising out of the ownership or operation of the facilities. NEE and FPL maintain decommissioning funds and external insurance coverage which are intended to reduce the financial exposure to some of these risks; however, the cost of decommissioning nuclear generation facilities could exceed the amount available in NEE's and FPL's decommissioning funds,

counterparties and vendors, may adversely affect the ability of some customers, hedging counterparties and vendors to perform as required under their contracts with NEE and FPL.

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

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

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

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

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

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

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

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

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

NEE's and FPL's retail businesses require access to sensitive customer data in the ordinary course of business. NEE's and FPL's retail businesses may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail businesses. If a significant breach occurred, the reputation of NEE and FPL could be materially adversely affected, customer confidence could be diminished, or customer information could be subject to identity theft. NEE and FPL would be subject to costs associated with the breach and/or NEE and FPL could be subject to fines and legal claims, any of which may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.

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

NEER provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, including, but not limited to, events that may occur after such utilities have committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers. NEER may not be able to recover all of its increased supply costs, which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEER's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Terrorist acts, cyberattacks or other similar events affecting NEE's and FPL's systems and facilities, or those of third parties on which NEE and FPL rely, could harm NEE's and FPL's business, for example, by limiting their ability to generate, purchase or transmit power, natural gas or other energy-related commodities, by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generation, distribution or transmission facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or acquire insurance), significant fines and penalties, and reputational damage, could materially adversely affect NEE's and FPL's operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair NEE's and FPL's ability to raise capital (for example, by contributing to financial instability and lower economic activity). In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs. Such events or actions may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

damages under continuing agreements, and replacement equipment costs or an obligation to purchase or generate replacement power at higher prices.

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

- risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned;
- failures in the availability, acquisition or transportation of fuel or other necessary supplies;
- the impact of unusual or adverse weather conditions and natural disasters, including, but not limited to, hurricanes, tornadoes, extreme temperatures, icing events, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires, leaks or other major events, of equipment, transmission or distribution systems or pipelines;
- availability of replacement equipment;
- risks of property damage, human injury or loss of life from energized equipment, hazardous substances or explosions, fires, leaks or other events, especially where facilities are located near populated areas;
- potential environmental impacts of gas infrastructure operations;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;
- inability to identify, manage properly or mitigate equipment defects in NEE's and FPL's facilities;
- use of new or unproven technology;
- risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation, and lack of available alternative fuel sources;
- increased competition due to, among other factors, new facilities, excess supply, shifting demand and regulatory changes; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

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

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

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

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

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

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

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

Development and Operational Risks

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

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

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

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

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

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

required for the production of electricity, require additional pollution control equipment, and otherwise increase costs, increase capital expenditures and limit or eliminate certain operations. Certain subsidiaries of NEE are also subject to foreign environmental laws, regulations and other standards and, as such, are subject to similar risks.

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

Violations of current or future laws, rules, regulations or other standards could expose NEE and FPL to regulatory and legal proceedings, disputes with, and legal challenges by, governmental entities and third parties, and potentially significant civil fines, criminal penalties and other sanctions, such as restrictions on how NEER develops, sites and operates wind facilities. These violations could result in, without limitation, litigation regarding property damage, personal injury, common law nuisance and enforcement by citizens or governmental authorities of environmental requirements. For example, the DOJ has alleged that certain NEER subsidiaries have violated the Migratory Bird Treaty Act (MBTA) and/or the Bald and Golden Eagle Protection Act (BGEPA) as a result of accidental collisions of eagles into wind turbines at the NEER subsidiaries' wind facilities without subsidiaries having permits under BGEPA for those activities. If NEER is unsuccessful in reaching a satisfactory settlement of this issue with the DOJ or if additional eagles perish in collisions with wind turbines at NEER's facilities without NEER having obtained permits for those activities, NEER or its subsidiaries may face criminal prosecution under these laws.

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

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

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

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

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

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

NEE's and FPL's operations and businesses are subject to extensive federal regulation, which generally imposes significant and increasing compliance costs on their operations and businesses. Additionally, any actual or alleged compliance failures could result in significant costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties. As an example, under the Energy Policy Act of 2005, NEE and FPL, as owners and operators of bulk-power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject NEE and FPL to higher operating costs and may result in increased capital expenditures. If FPL or NEE is found not to be in compliance with these standards, they may incur substantial monetary penalties and other sanctions. Both the costs of regulatory compliance and the costs that may be imposed as a result of any actual or alleged compliance failures could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

Changes in tax laws, guidance or policies, including but not limited to changes in corporate income tax rates, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

Any reductions or modifications to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax laws, policies and incentives, RPS and feed-in-tariffs, or the imposition of additional taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate or deliver it, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

NEER depends heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating wind and solar energy projects in regions in which NEER operates or plans to develop and operate renewable energy facilities. The federal government, a majority of state governments in the U.S. and portions of Canada provide incentives, such as tax incentives, RPS or feed-in-tariffs, that support or are designed to support the sale of energy from utility scale renewable energy facilities, such as wind and solar energy facilities. At the same time, the U.S. government generally has not taken action to materially burden the international supply chain that has been important to the development of renewable energy facilities at acceptable prices. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their laws and policies that support, or do not overly burden, the development and operation of renewable energy facilities and, instead, consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy or the imposition of additional taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate or deliver it, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in the projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

NEE and FPL are subject to domestic environmental laws, regulations and other standards, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, soil quality, climate change, emissions of greenhouse gases, including, but not limited to, carbon dioxide, waste management, hazardous wastes, marine, avian and other wildlife mortality and habitat protection, historical artifact preservation, natural resources, health (including, but not limited to, electric and magnetic fields from power lines and substations), safety and RPS, that could, among other things, prevent or delay the development of power generation, power or natural gas transmission, or other infrastructure projects, restrict or enjoin the output of some existing facilities, limit the availability and use of some fuels

Item 1A. Risk Factors

Risks Relating to NEE's and FPL's Business

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

Regulatory, Legislative and Legal Risks

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

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

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

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

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

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

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

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

WEBSITE ACCESS TO SEC FILINGS

NEE and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEE's internet website, www.nexteraenergy.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' or affiliates' websites) are not incorporated by reference into this combined Form 10-K.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS[(a)]

Name	Age	Position	Effective Date
Miguel Arechabala	60	Executive Vice President, Power Generation Division of NEE Executive Vice President, Power Generation Division of FPL	January 1, 2014
Deborah H. Caplan	59	Executive Vice President, Human Resources and Corporate Services of NEE Executive Vice President, Human Resources and Corporate Services of FPL	April 15, 2013
Robert Coffey	58	Executive Vice President, Nuclear Division and Chief Nuclear Officer of NEE Vice President and Chief Nuclear Officer of FPL	June 14, 2021 June 15, 2021
Paul I. Cutler	62	Treasurer of NEE Treasurer of FPL Assistant Secretary of NEE	February 19, 2003 February 18, 2003 December 10, 1997
John W. Ketchum[(b)]	51	President and Chief Executive Officer of NextEra Energy Resources	March 1, 2019
Rebecca J. Kujawa[(b)]	46	Executive Vice President, Finance and Chief Financial Officer of NEE Executive Vice President, Finance and Chief Financial Officer of FPL	March 1, 2019
James M. May	45	Vice President, Controller and Chief Accounting Officer of NEE	March 1, 2019
Ronald R. Reagan	53	Executive Vice President, Engineering, Construction and Integrated Supply Chain of NEE Vice President, Engineering and Construction of FPL	January 1, 2020 March 1, 2019
James L. Robo[(b)]	59	Chairman, President and Chief Executive Officer of NEE Chairman of FPL	December 13, 2013 May 2, 2012
Charles E. Sieving	49	Executive Vice President & General Counsel of NEE Executive Vice President of FPL	December 1, 2008 January 1, 2009
Eric E. Silagy[(b)]	56	President and Chief Executive Officer of FPL	May 30, 2014

(a) Information is as of February 17, 2022. Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his/her present position for five years or more and his/her employment history is continuous. Mr. Coffey served as Vice President, Nuclear for FPL from May 2019 to June 2021. He previously was Regional Vice President for FPL's southern fleet from January 2018 to May 2019 and Site Vice President at Point Beach from May 2016 to January 2018. Mr. Ketchum served as Executive Vice President, Finance and Chief Financial Officer of NEE and FPL from March 2016 to February 2019. Ms. Kujawa served as Vice President, Business Management of NextEra Energy Resources from March 2012 to February 2019. Mr. May served as Controller of NextEra Energy Resources from April 2015 to February 2019. Mr. Reagan served as Vice President, Engineering and Construction of NEE from November 2018 to December 2019 and Vice President, Integrated Supply Chain of NEE from October 2012 to November 2018.

(b) The following information was announced January 25, 2022 and is effective March 1, 2022. Mr. Robo was appointed as Executive Chairman of NEE and will cease to serve as President and Chief Executive Officer of NEE and Chairman of FPL. Mr. Ketchum was appointed President and Chief Executive Officer of NEE and will cease to serve as President and Chief Executive Officer of NextEra Energy Resources. Mrs. Kujawa was appointed as President and Chief Executive Officer of NextEra Energy Resources and will cease to serve as Executive Vice President, Finance and Chief Financial Officer of NEE and FPL. T. Kirk Crews II, age 43, was appointed Executive Vice President, Finance and Chief Financial Officer of NEE and FPL. Mr. Crews served as Vice President, Business Management since March 2019 and was Vice President, Controller and Chief Accounting Officer of NEE from September 2016 until March 2019. Mr. Silagy will take on the added responsibility of Chairman of FPL.

NEER REGULATION

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

At December 31, 2021, essentially all of NEER's operating independent power projects located in the U.S. have received exempt wholesale generator status as defined under the Public Utility Holding Company Act of 2005. Exempt wholesale generators own or operate a facility exclusively to sell electricity to wholesale customers. They are barred from selling electricity directly to retail customers. While projects with exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including, but not limited to, those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Additionally, most of the NEER facilities located in the U.S. are subject to FERC regulations and market rules and the NERC's mandatory reliability standards, all of its facilities are subject to environmental laws and the EPA's environmental regulations, and its nuclear facilities are also subject to the jurisdiction of the NRC. See FPL – FPL Regulation for additional discussion of FERC, NERC, NRC and EPA regulations. Rates of NEER's rate-regulated transmission businesses are set by regulatory bodies as noted in Generation and Other Operations – Generation Assets and Other Operations – Other Operations – Rate-Regulated Transmission. With the exception of facilities located in ERCOT, the FERC has jurisdiction over various aspects of NEER's business in the U.S., including the oversight and investigation of competitive wholesale energy markets, regulation of the transmission and sale of natural gas, and oversight of environmental matters related to natural gas projects and major electricity policy initiatives. The PUCT has jurisdiction, including the regulation of rates and services, oversight of competitive markets, and enforcement of statutes and rules, over NEER facilities located in ERCOT.

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

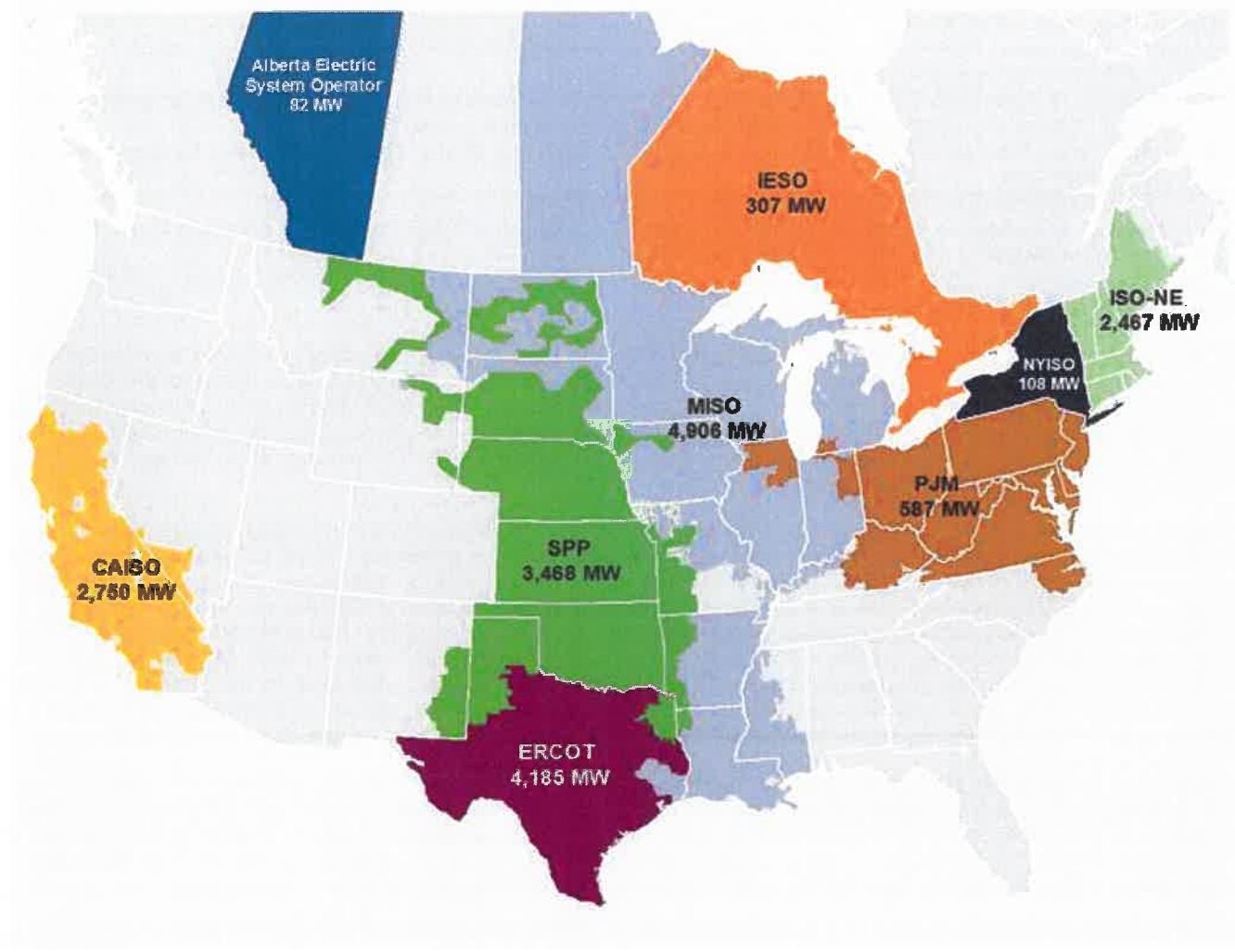
In addition, NEER is subject to environmental laws and regulations as described in the NEE Environmental Matters section below. In order to better anticipate potential regulatory changes, NEER continues to actively evaluate and participate in regional market redesigns of existing operating rules for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

NEER HUMAN CAPITAL

NEER had approximately 5,200 employees at December 31, 2021. NEER has collective bargaining agreements with the IBEW, the Utility Workers Union of America and the Security Police and Fire Professionals of America, which collectively represent approximately 12% of NEER's employees. The collective bargaining agreements have approximately two- to four-year terms and expire between September 2022 and December 2025.

NEE ENVIRONMENTAL MATTERS

NEE and its subsidiaries, including FPL, are subject to environmental laws and regulations, including extensive federal, state and local environmental statutes, rules and regulations relating to, among others, air quality, water quality and usage, waste management, wildlife protection and historical resources, for the siting, construction and ongoing operations of their facilities. The U.S. government and certain states and regions, as well as the Government of Canada and its provinces, have taken and continue to take certain actions, such as proposing and finalizing regulations or setting targets or goals, regarding the regulation and reduction of greenhouse gas emissions and the increase of renewable energy generation. The environmental laws in the U.S., including, among others, the Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act, provide for the protection of numerous species, including endangered species and/or their habitats, migratory birds and eagles. The environmental laws in Canada, including, among others, the Species at Risk Act, provide for the recovery of wildlife species that are endangered or threatened and the management of species of special concern. Complying with these environmental laws and regulations could result in, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. Failure to comply could result in fines, penalties, criminal sanctions or injunctions. NEE's rate-regulated subsidiaries expect to seek recovery for compliance costs associated with any new environmental laws and regulations, which recovery for FPL would be through the environmental clause.



NEER competes in different regions to differing degrees, but in general it seeks to enter into long-term bilateral contracts for the full output of its generation facilities. At December 31, 2021, approximately 92% of NEER's net generating capacity was committed under long-term contracts. Where long-term contracts are not in effect, NEER sells the output of its facilities into daily spot markets. In such cases, NEER will frequently enter into shorter term bilateral contracts, typically of less than three years duration, to hedge the price risk associated with selling into a daily spot market. Such bilateral contracts, which may be hedges either for physical delivery or for financial (pricing) offset, serve to protect a portion of the revenue that NEER expects to derive from the associated generation facility. Contracts that serve the economic purpose of hedging some portion of the expected revenue of a generation facility but are not recorded as hedges under GAAP are referred to as "non-qualifying hedges" for adjusted earnings purposes. See Management's Discussion – Overview – Adjusted Earnings.

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

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

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

Customer Supply and Proprietary Power and Gas Trading – NEER provides commodities-related products to customers, engages in energy-related commodity marketing and trading activities and includes the operations of a retail electricity provider. Through NextEra Energy Resources subsidiary PMI, NEER:

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

MARKETS AND COMPETITION

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

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

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

RTOs and ISOs exist throughout much of North America to coordinate generation and transmission across wide geographic areas and to run markets. NEER operates in all RTO and ISO jurisdictions. At December 31, 2021, NEER also had generation facilities with ownership interests in a total net generating capacity of approximately 5,730 MW that fall within reliability regions that are not under the jurisdiction of an established RTO or ISO, including 3,532 MW within the Western Electricity Coordinating Council and 2,051 MW within the SERC Reliability Corporation. Although each RTO and ISO may have differing objectives and structures, some benefits of these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability and facilitating competition among wholesale electricity providers. NEER has operations that fall within the following RTOs and ISOs:

	Year construction of project begins[a]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024 and beyond
PTC[b]	100 %	80 %	60 %	40 %	60 %	60 %	-	-	-
Wind ITC[c]	30 %	24 %	18 %	12 %	18 %	18 %	-	-	-
Solar ITC[d]	30 %	30 %	30 %	30 %	26 %	26 %	26 %	22 %	10 %

(a) To qualify for the PTC or an ITC, a project must be placed in service no more than six years after the year in which construction of the project began for a facility that began construction in 2016 – 2019, five years for a facility that began construction in 2020 and four years for a facility that begins construction in 2021 and beyond.
(b) Percentage of the full PTC available for wind projects that began construction during the applicable year.
(c) Percentage of eligible project costs that can be claimed as ITC by wind projects that began construction during the applicable year.
(d) Percentage of eligible project costs that can be claimed as ITC by solar projects that begin construction during the applicable year. ITC is limited to 10% for solar projects not placed in service before January 1, 2026.

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

Other Operations

Gas Infrastructure Business – At December 31, 2021, NextEra Energy Resources had ownership interests in natural gas pipelines, the most significant of which are discussed below, and in oil and gas shale formations located primarily in the Midwest and South regions of the U.S.

	Miles of Pipeline	Pipeline Location/Route	Ownership		Total Net Capacity (per day)	In-Service Dates
Texas Pipelines[a]	542	South Texas	52.8%	[b]	2.09 Bcf	1950s – 2015
Sabal Trail[c]	517	Southwestern Alabama to Central Florida	42.5%		0.43 Bcf	June 2017 – May 2020
Florida Southeast Connection[c]	169	Central Florida to South Florida	100%		0.64 Bcf	June 2017
Central Penn Line[d]	191	Northeastern Pennsylvania to Southeastern Pennsylvania	21.3%	[b]	0.39 Bcf	October 2018 – October 2021

(a) A NEP portfolio of seven natural gas pipelines, of which a third party owns a 10% interest in a 120-mile pipeline with a daily capacity of approximately 2.3 Bcf. Approximately 1.64 Bcf per day of net capacity is contracted with firm ship-or-pay contracts that have expiration dates ranging from 2022 to 2035.
(b) Ownership percentage based on NextEra Energy Resources limited partnership interest in NEP OpCo common units.
(c) See Note 15 – Contracts for a discussion of transportation contracts with FPL.
(d) NEP has an indirect equity method investment in the Central Penn Line (CPL) which represents an approximately 39% aggregate ownership interest in the CPL.

NEER also has a 31.9% ownership interest in a 303-mile natural gas pipeline that is under construction in West Virginia and Virginia. Completion of construction of the natural gas pipeline is subject to certain conditions, including applicable regulatory approvals and the resolution of legal challenges. See Note 4 – Nonrecurring Fair Value Measurements for a discussion of impairment charges in the first quarter of 2022 and in 2020 and Note 15 – Contracts for a discussion of a transportation contract with a NextEra Energy Resources subsidiary.

Rate-Regulated Transmission – At December 31, 2021, certain entities within the NEER segment had ownership interests in rate-regulated transmission facilities, the most significant of which are discussed below, which are located primarily in ERCOT, CAISO, Southwest Power Pool (SPP), Independent Electricity System Operator (IESO) and NYISO jurisdictions.

	Miles	Substations	Kilovolt	Location	Rate Regulator	Ownership		Actual/Expected In-Service Dates
Operational:								
Lone Star	347	9	345	Texas	PUCT	100%		2013
Trans Bay Cable	53	2	200 DC[a]	California	FERC	100%		2010
GridLiance[b]	700	31	69 – 230	Illinois, Kansas, Kentucky, Missouri, Nevada and Oklahoma	FERC	100%	[b]	1960 – 2021
Under Construction:								
NextBridge Infrastructure	280	-	230	Ontario, Canada	OEB	50%		First Quarter of 2022
Empire State Line	20	2	345	New York	FERC	100%		December 2021 – Mid-2022

(a) Direct current
(b) Comprised of three FERC-regulated transmission utilities; the assets of which are owned 100% except for a 26-mile transmission line and 5 substations, of which NEET owns a 65% interest.

- added approximately 728 MW of generating capacity in the U.S. in 2021 and sold assets to NEP and third parties totaling approximately 468 MW (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests).

Nuclear Facilities

At December 31, 2021, NextEra Energy Resources owned, or had undivided interests in, and operated the three nuclear units discussed below. NEER's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages require the unit to be removed from service for variable lengths of time.

Facility	Location	Ownership (MW)	Portfolio Category	Next Scheduled Refueling Outage	Operating License Expiration Date
Seabrook	New Hampshire	1,102[a]	Merchant	April 2023	2050
Point Beach Unit No. 1	Wisconsin	595	Contracted[b]	March 2022	2030[c]
Point Beach Unit No. 2	Wisconsin	595	Contracted[b]	March 2023	2033[c]

(a) Excludes 147 MW operated by NEER but owned by non-affiliates.
(b) NEER sells all of the output of Point Beach Units Nos. 1 and 2 under long-term contracts through their current operating license expiration dates.
(c) In 2020, NEER filed an application with the NRC to renew both Point Beach operating licenses for an additional 20 years. License renewals are pending.

NEER is responsible for all nuclear unit operations and the ultimate decommissioning of the nuclear units, the cost of which is shared on a pro-rata basis by the joint owners for the jointly-owned units. NRC regulations require plant owners to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. NEER's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel that is generated at these facilities through current license expiration, as well as through any pending license extensions.

NEER also owns an approximately 70% interest in Duane Arnold, a nuclear facility located in Iowa that ceased operations in August 2020. NEER submitted a site-specific cost estimate and plan for decontamination and decommissioning to the NRC. All spent nuclear fuel housed onsite is expected to be in long-term dry storage within three years of plant shutdown and until the DOE is able to take possession. NEER estimates that the cost of decommissioning Duane Arnold is fully funded and expects completion by approximately 2080.

Policy Incentives for Renewable Energy Projects

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

Owners of utility-scale wind facilities are eligible to claim an income tax credit (the PTC, or an ITC in lieu of the PTC) upon initially achieving commercial operation. The PTC is determined based on the amount of electricity produced by the wind facility during the first ten years of commercial operation. This incentive was created under the Energy Policy Act of 1992 and has been extended several times. Alternatively, an ITC equal to 30% of the cost of a wind facility may be claimed in lieu of the PTC. Owners of solar facilities are eligible to claim a 30% ITC for new solar facilities. In order to qualify for the PTC (or an ITC in lieu of the PTC) for wind or an ITC for solar, construction of a facility must begin before a specified date and the taxpayer must maintain a continuous program of construction or continuous efforts to advance the project to completion. The Internal Revenue Service (IRS) issued guidance establishing a safe harbor for the continuous efforts and continuous construction requirements. The current guidance provides that the requirements for safe harbor will generally be satisfied if the facility is placed in service no more than six years after the year in which construction of the facility began for a facility that began construction in 2016 through 2019, five years for a facility that began construction in 2020 and four years for a facility that begins construction in 2021 and beyond. Retrofitted wind facilities may re-qualify for PTCs or ITCs pursuant to the 5% safe harbor for the begin construction requirement, as long as the cost basis of the new investment is at least 80% of the facility's total fair value. Tax credits for qualifying wind and solar projects are subject to the following schedule.

Generation Assets

NEER's portfolio of generation assets primarily consist of generation facilities with long-term power sales agreements for substantially all of their capacity and/or energy output. Information related to contracted generation assets at December 31, 2021 was as follows:

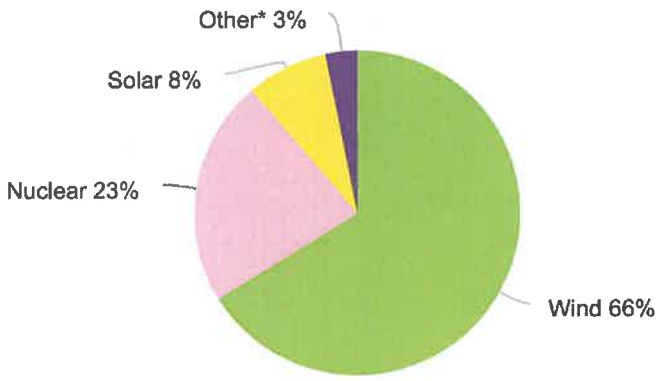
- represented approximately 22,658 MW of total net generating capacity;
- weighted-average remaining contract term of the power sales agreements and the remaining life of the PTCs associated with repowered wind facilities of approximately 16 years, based on forecasted contributions to earnings and forecasted amounts of electricity produced by the repowered wind facilities; and
- several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel for all nuclear units with expiration dates through 2033 (see Note 15 – Contracts).

NEER's merchant generation assets primarily consist of generation facilities that do not have long-term power sales agreements to sell their capacity and/or energy output and therefore require active marketing and hedging. Merchant generation assets at December 31, 2021 represented approximately 1,932 MW of total net generating capacity, including 1,102 MW from nuclear generation and 824 MW from other peak generation facilities, and are primarily located in the Northeast region of the U.S. NEER utilizes swaps, options, futures and forwards to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases.

NEER Generation Assets Fuel/Technology Mix

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

2021 Net Generation by Fuel Type
MWh



*Primarily natural gas

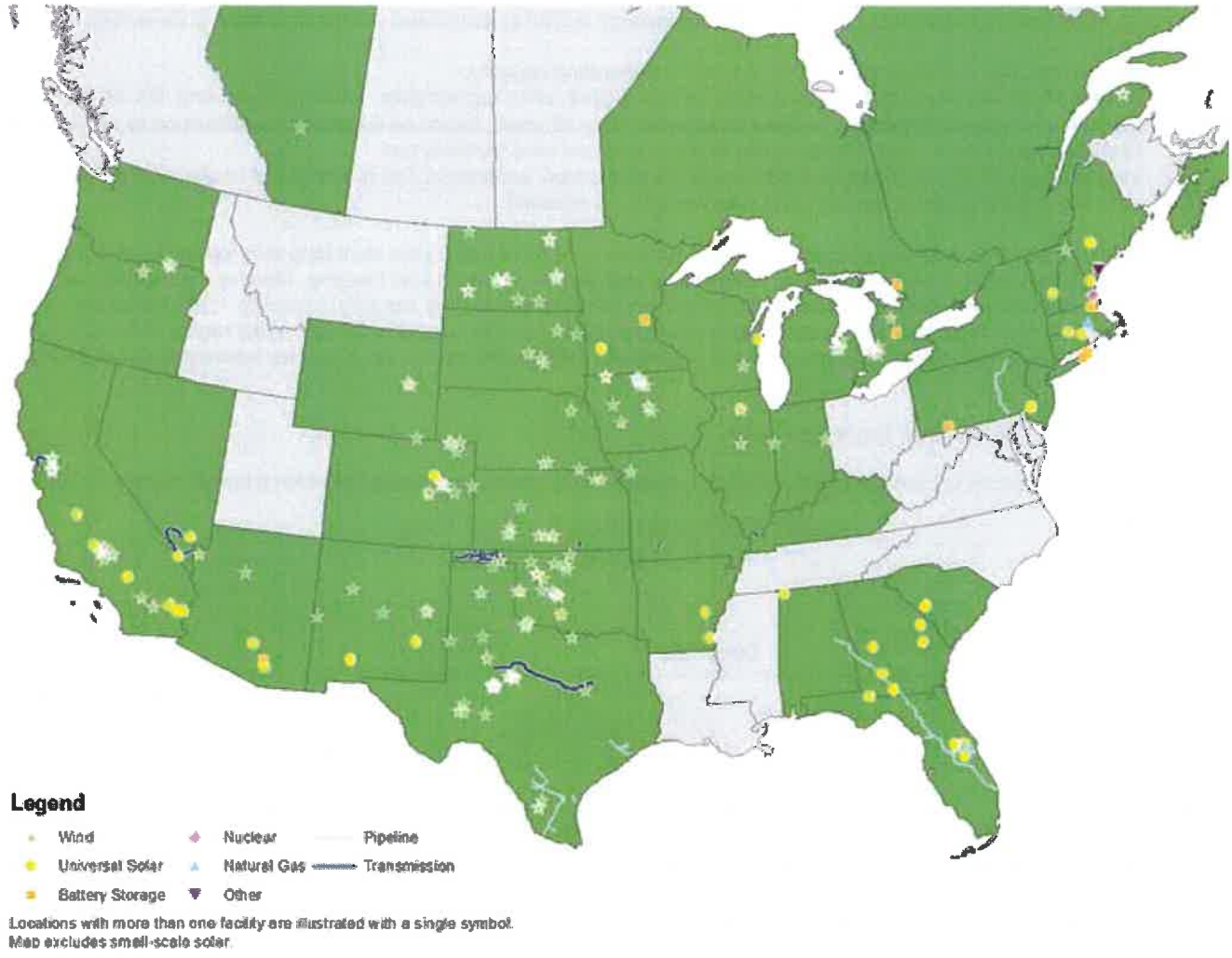
Wind Facilities

- located in 20 states in the U.S. and 4 provinces in Canada;
- operated a total generating capacity of 20,531 MW at December 31, 2021;
- ownership interests in a total net generating capacity of 16,517 MW at December 31, 2021;
  - essentially all MW are from contracted wind assets located primarily throughout Texas and the West and Midwest regions of the U.S. and Canada;
  - added approximately 2,008 MW of new generating capacity and repowered wind generating capacity totaling 435 MW in the U.S. in 2021 and sold assets to NEP and third parties totaling approximately 1,500 MW (see Note 1 – Disposal of Businesses/Assets and Sale of Noncontrolling Ownership Interests).

Solar Facilities

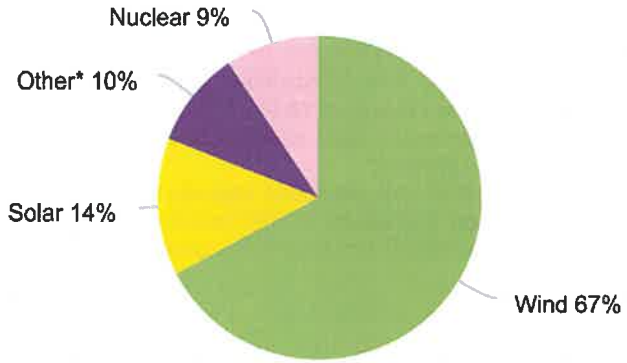
- located in 29 states in the U.S.;
- operated photovoltaic, distributed generation and solar thermal facilities with a total generating capacity of 4,356 MW at December 31, 2021;
- ownership interests in solar facilities with a total net generating capacity of 3,391 MW at December 31, 2021;
  - essentially all MW are from contracted solar facilities located primarily throughout the West and South regions of the U.S.;

At December 31, 2021, NEER managed or participated in the management of essentially all of the following generation projects, natural gas pipelines and transmission facilities that it wholly owned or in which it had an ownership interest.



Generation Assets and Other Operations

2021 Net Generating Capacity by Fuel Type
MW



*Primarily natural gas

NEER

NEER, comprised of NEE's competitive energy and rate-regulated transmission businesses, is a diversified clean energy business with a strategy that emphasizes the development, construction and operation of long-term contracted assets with a focus on renewable projects. NEE reports NextEra Energy Resources and NEET, a rate-regulated transmission business, on a combined basis for segment reporting purposes, and the combined segment is referred to as NEER. The NEER segment currently owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets in the U.S. and Canada. NEER, with approximately 24,600 MW of total net generating capacity at December 31, 2021, is one of the largest wholesale generators of electric power in the U.S., including approximately 24,070 MW of net generating capacity across 38 states and 520 MW of net generating capacity in 4 Canadian provinces. At December 31, 2021, NEER operates facilities, in which it has ownership interests, with a total generating capacity of approximately 30,000 MW. NEER produces the majority of its electricity from clean and renewable sources as described more fully below. In addition, NEER develops and constructs battery storage projects, which when combined with its renewable projects, serve to enhance its ability to meet customer needs for a nearly firm generation source, or as standalone facilities. At December 31, 2021, NEER had net ownership interest in approximately 735 MW of battery storage capacity. NEER is the world's largest generator of renewable energy from the wind and sun based on 2021 MWh produced on a net generation basis, as well as a world leader in battery storage. The NEER segment also owns, develops, constructs and operates rate-regulated transmission facilities in North America. At December 31, 2021, NEER's rate-regulated transmission facilities and transmission lines that connect its electric generation facilities to the electric grid are comprised of approximately 265 substations and 2,680 circuit miles of transmission lines.

NEER also engages in energy-related commodity marketing and trading activities, including entering into financial and physical contracts. These contracts primarily include power and fuel commodities and their related products for the purpose of providing full energy and capacity requirements services, primarily to distribution utilities in certain markets, and offering customized power and fuel and related risk management services to wholesale customers, as well as to hedge the production from NEER's generation assets that is not sold under long-term power supply agreements. In addition, NEER participates in natural gas, natural gas liquids and oil production through operating and non-operating ownership interests, and in pipeline infrastructure construction, management and operations, through either wholly owned subsidiaries or noncontrolling or joint venture interests, hereafter referred to as the gas infrastructure business. NEER also hedges the expected output from its gas infrastructure production assets to protect against price movements.

NEP – NEP acquires, manages and owns contracted clean energy projects with stable long-term cash flows through a limited partner interest in NEP OpCo. NEP's projects include energy projects contributed by or acquired from NextEra Energy Resources, or acquired from third parties, as well as ownership interests in contracted natural gas pipelines acquired from third parties. NextEra Energy Resources' indirect limited partnership interest in NEP OpCo based on the number of outstanding NEP OpCo common units was approximately 54.7% at December 31, 2021. NextEra Energy Resources accounts for its ownership interest in NEP as an equity method investment with its earnings/losses from NEP as equity in earnings (losses) of equity method investees and accounts for its project sales to NEP as third-party sales in its consolidated financial statements. See Note 1 – Basis of Presentation. At December 31, 2021, NEP owned, or had an ownership interest in, a portfolio of wind, solar and solar plus battery storage projects with energy project capacity totaling approximately 7,997 MW and contracted natural gas pipelines, all located in the U.S. as further discussed in Generation and Other Operations. NextEra Energy Resources operates essentially all of the energy projects in NEP's portfolio and its ownership interest in the portfolio's capacity was approximately 3,618 MW at December 31, 2021.

GENERATION AND OTHER OPERATIONS

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

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

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

FERC

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

NERC

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

FPL Environmental Regulation

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

FPL HUMAN CAPITAL

FPL had approximately 9,700 employees at December 31, 2021, with approximately 31% of these employees represented by the International Brotherhood of Electrical Workers (IBEW), substantially all of which are under collective bargaining agreements that have approximately three-year terms expiring in April 2022 and January 2025.

GULF POWER

Gulf Power became a part of FPL's rate-regulated electric utility system beginning January 1, 2021, but continued to be regulated as a separate ratemaking entity until January 1, 2022 when new unified rates and tariffs became effective for the combined utility system (see FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025). Prior to January 1, 2022, Gulf Power operated under a separate base rate settlement agreement that provided for an allowed regulatory ROE of 10.25%, with a range of 9.25% to 11.25%. As of December 31, 2021, Gulf Power served approximately 481,000 customers in eight counties throughout northwest Florida and had approximately 3,500 MW of electric net generating capacity and 9,500 miles of transmission and distribution lines located primarily in Florida, and was subject to similar regulations described in FPL – FPL Regulation above.

On January 1, 2019, NEE completed the acquisition of all of the outstanding common shares of Gulf Power Company under a stock purchase agreement with The Southern Company dated May 20, 2018, as amended, for approximately $4.44 billion in cash consideration and the assumption of approximately $1.3 billion of Gulf Power debt. On January 1, 2021, Gulf Power Company and FPL merged, with FPL as the surviving entity. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. See Note 6 – Gulf Power Company and – Merger of FPL and Gulf Power Company for further discussion.

2024 and 2025, and may carry forward any unused MW in 2024 to 2025. FPL has agreed to an installed cost cap of $1,250 per kW and will be required to demonstrate that these proposed solar facilities are cost effective.

- FPL's authorized regulatory ROE is 10.60%, with a range of 9.70% to 11.70%. If FPL's earned regulatory ROE falls below 9.70%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.70%, any party with standing may seek a review of FPL's retail base rates. If the average 30-year U.S. Treasury rate is 2.49% or greater over a consecutive six-month period, the authorized regulatory ROE will increase to 10.80% with a range of 9.80% to 11.80%. If triggered, the increase in the authorized regulatory ROE will not result in an incremental general base rate increase, but will apply for all other regulatory purposes, including the SoBRA mechanism.
- Subject to certain conditions, FPL may amortize, over the term of the 2021 rate agreement, up to $1.45 billion of depreciation reserve surplus, provided that in any year of the 2021 rate agreement FPL must amortize at least enough reserve amount to maintain its minimum authorized regulatory ROE and also may not amortize any reserve amount that would result in an earned regulatory ROE in excess of its maximum authorized regulatory ROE. FPL is limited to the amortization of $200 million of depreciation reserve surplus during the first year of the 2021 rate agreement.
- FPL is authorized to expand SolarTogether™ by constructing an additional 1,788 MW of solar generation from 2022 through 2025, such that the total capacity of SolarTogether™ would be 3,278 MW.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than $4 for every 1,000 kWh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.
- If federal or state permanent corporate income tax changes become effective during the term of the 2021 rate agreement, FPL will be able to prospectively adjust base rates after a review by the FPSC.

In December 2021, Floridians Against Increased Rates, Inc. and, as a group in January 2022, Florida Rising, Inc., Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida filed notices of appeal challenging the FPSC's final order approving the 2021 rate agreement, which notices of appeal are pending before the Florida Supreme Court.

Base Rates Effective January 2017 through December 2021 – In December 2016, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). Key elements of the 2016 rate agreement, which became effective in January 2017, provided for, among other things, the following:

- new retail base rates and charges which resulted in the following increases in annualized retail base revenues:
    - $400 million beginning January 1, 2017;
    - $211 million beginning January 1, 2018; and
    - $200 million beginning April 1, 2019 for a new approximately 1,720 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida (Okeechobee Clean Energy Center) that achieved commercial operation on March 31, 2019;
- additional base rate increases in 2018 through 2020 associated with the addition of approximately 1,200 MW of new solar generating capacity that became operational during that timeframe;
- a regulatory ROE of 10.55% with a range of 9.60% to 11.60%;
- subject to certain conditions, the right to reduce depreciation expense up to $1.25 billion (reserve), provided that in any year of the 2016 rate agreement FPL was required to amortize enough reserve to maintain an earned regulatory ROE within the range of 9.60% to 11.60%; and
- an interim cost recovery mechanism for storm restoration costs. See Note 1 – Storm Funds, Storm Reserves and Storm Cost Recovery.

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

- Fuel – primarily fuel costs, the most significant of the cost recovery clauses in terms of operating revenues (see Note 1 – Rate Regulation);
- Storm Protection Plan – costs associated with an FPSC-approved transmission and distribution storm protection plan, which includes costs for hardening of overhead transmission and distribution lines, undergrounding of certain distribution lines and vegetation management;
- Capacity – primarily certain costs associated with the acquisition of several electric generation facilities (see Note 1 – Rate Regulation);
- Energy Conservation – costs associated with implementing energy conservation programs; and

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

FPL ENERGY MARKETING AND TRADING

FPL's Energy Marketing & Trading division (EMT) buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess natural gas, oil and electricity. EMT also uses derivative instruments (primarily swaps, options and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity and Note 3.

FPL REGULATION

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

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

FPL Electric Rate Regulation

The FPSC sets rates at a level that is intended to allow the utility the opportunity to collect from retail customers total revenues (revenue requirements) equal to its cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms, including, among other things, base rates and cost recovery clauses. Although FPL and Gulf Power Company merged effective January 1, 2021, FPL continued to be regulated as two separate rate making entities until January 1, 2022 when new unified rates and tariffs became effective for the combined utility system (including the former Gulf Power service area). See Base Rates Effective January 2022 through December 2025 below.

Base Rates. In general, the basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on investment in assets used and useful in providing electric service (rate base). At the time base rates are established, the allowed rate of return on rate base approximates the FPSC's determination of the utility's estimated weighted-average cost of capital, which includes its costs for outstanding debt and an allowed return on common equity. The FPSC monitors the utility's actual regulatory ROE through a surveillance report that is filed monthly with the FPSC. The FPSC does not provide assurance that any regulatory ROE will be achieved. Base rates are determined in rate proceedings or through negotiated settlements of those proceedings. Proceedings can occur at the initiative of the utility or upon action by the FPSC. Existing base rates remain in effect until new base rates are approved by the FPSC.

Base Rates Effective January 2022 through December 2025 – In December 2021, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2021 rate agreement).

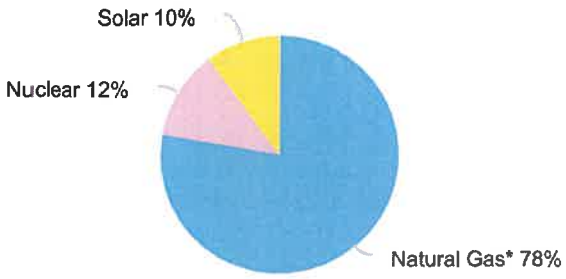
Key elements of the 2021 rate agreement, which is effective from January 2022 through at least December 2025, include, among other things, the following:

- New retail base rates and charges were established for the combined utility system (including the former Gulf Power service area) resulting in the following increases in annualized retail base revenues:
    - $692 million beginning January 1, 2022, and
    - $560 million beginning January 1, 2023.
- In addition, FPL is eligible to receive, subject to conditions specified in the 2021 rate agreement, base rate increases associated with the addition of up to 894 MW annually of new solar generation through the SoBRA mechanism in each of

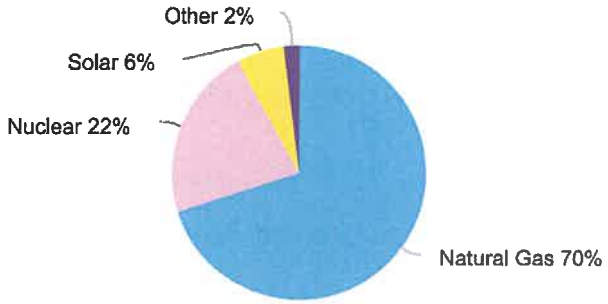
Fuel Sources

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

FPL Segment
2021 Net Generating Capacity by Fuel Type
MW



FPL Segment
2021 Net Generation by Fuel Type
MWh



*approximately 71% has dual fuel capability

Significant Fuel and Transportation Contracts. At December 31, 2021, FPL had the following significant fuel and transportation contracts in place:

- firm transportation contracts with six different transportation suppliers for natural gas pipeline capacity for an aggregate maximum delivery quantity of 2,916,000 MMBtu/day with expiration dates through 2042 (see Note 15 – Contracts);
- several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel with expiration dates through 2037; and
- short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's natural gas requirements is purchased in the spot market.

Nuclear Operations

At December 31, 2021, FPL owned, or had undivided interests in, and operated the four nuclear units in Florida discussed below. FPL's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages require the unit to be removed from service for variable lengths of time.

Facility	FPL's Ownership (MW)	Beginning of Next Scheduled Refueling Outage	Operating License Expiration Date
St. Lucie Unit No. 1	981	September 2022	2036[a]
St. Lucie Unit No. 2	840[b]	February 2023	2043[a]
Turkey Point Unit No. 3	837	April 2023	2052
Turkey Point Unit No. 4	844	March 2022	2053

(a) In 2021, FPL filed an application with the NRC to renew both St. Lucie operating licenses for an additional 20 years. License renewals are pending.

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

NRC regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. If the license renewals are approved by the NRC, FPL's plans provide for St. Lucie Unit No. 1 to be shut down in 2056 with decommissioning activities to be integrated with the dismantlement of St. Lucie Unit No. 2 commencing in 2063. Current plans provide for the dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2052 and 2053, respectively.

FRANCHISE AGREEMENTS AND COMPETITION

FPL's service to its electric retail customers is provided primarily under franchise agreements negotiated with municipalities or counties. During the term of a franchise agreement, which is typically 30 years, the municipality or county agrees not to form its own utility, and FPL has the right to offer electric service to residents. At December 31, 2021, the FPL segment held 192 franchise agreements with various municipalities and counties in Florida with varying expiration dates through 2051. These franchise agreements covered approximately 88% of the FPL segment's retail customer base in Florida. At December 31, 2021, the FPL segment also provided service to customers in 11 other municipalities and to 23 unincorporated areas within its service area without franchise agreements pursuant to the general obligation to serve as a public utility. FPL relies upon Florida law for access to public rights of way.

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

In addition to self-generation by residential, commercial and industrial customers, FPL also faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources. In each of 2021, 2020 and 2019, operating revenues from wholesale and industrial electric customers combined represented approximately five percent of the FPL segment's total operating revenues.

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

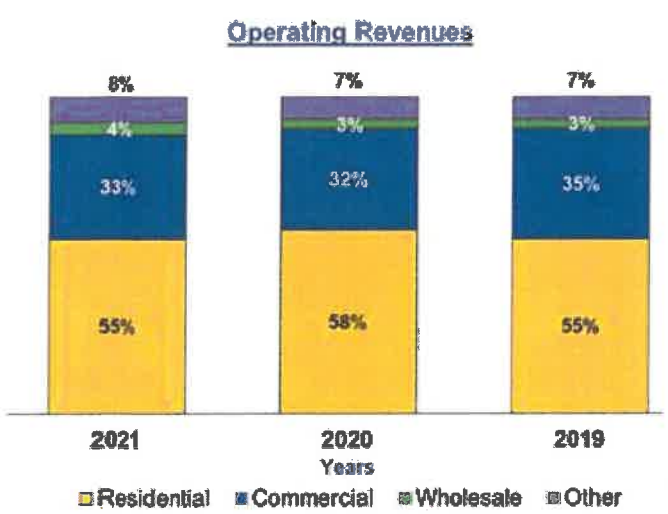
FPL SOURCES OF GENERATION

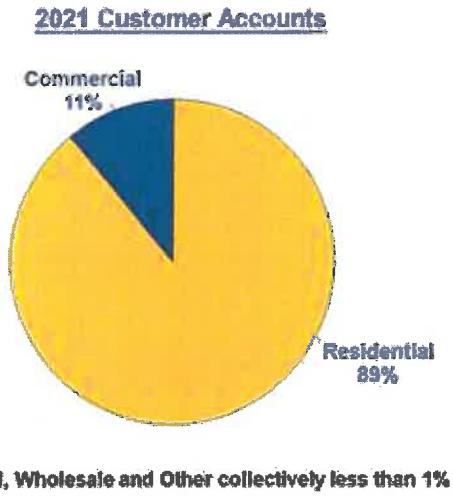
At December 31, 2021, the FPL segment's resources for serving load consisted of approximately 28,564 MW of net generating capacity, of which 28,450 MW were from FPL-owned facilities and 114 MW were available through purchased power agreements. FPL owned and operated 30 units with generating capacity of 22,008 MW that primarily use natural gas and 41 solar generation facilities with generating capacity totaling 2,940 MW. In addition, FPL owned, or had undivided interests in, and operated 4 nuclear units with net generating capacity totaling 3,502 MW (see Nuclear Operations below). FPL also develops and constructs battery storage projects, which when combined with its solar projects, serve to enhance its ability to meet customer needs for a nearly firm generation source. At December 31, 2021, the FPL segment had 483 MW of battery storage capacity. FPL customer usage and operating revenues are typically higher during the summer months, largely due to the prevalent use of air conditioning in its service area. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time.

FPL is in the process of modernizing two generation units at its Lauderdale facility to a high-efficiency, clean-burning natural gas unit (Dania Beach Clean Energy Center). The Dania Beach Clean Energy Center is expected to provide approximately 1,200 MW of generating capacity and to be in service by mid-2022. Through 2025, FPL plans to add new solar generation with cost recovery mechanisms through base rates, a Solar Base Rate Adjustment (SoBRA) and SolarTogether™ (a voluntary community solar program that gives certain FPL electric customers an opportunity to participate directly in the expansion of solar energy and receive credits on their related monthly customer bill). FPL placed approximately 450 MW of solar generating capacity in service in January 2022 and is currently in the process of constructing an additional 1,190 MW of solar generating capacity, which is expected to be placed in service in 2023 (see FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025 below).

CUSTOMERS AND REVENUE

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

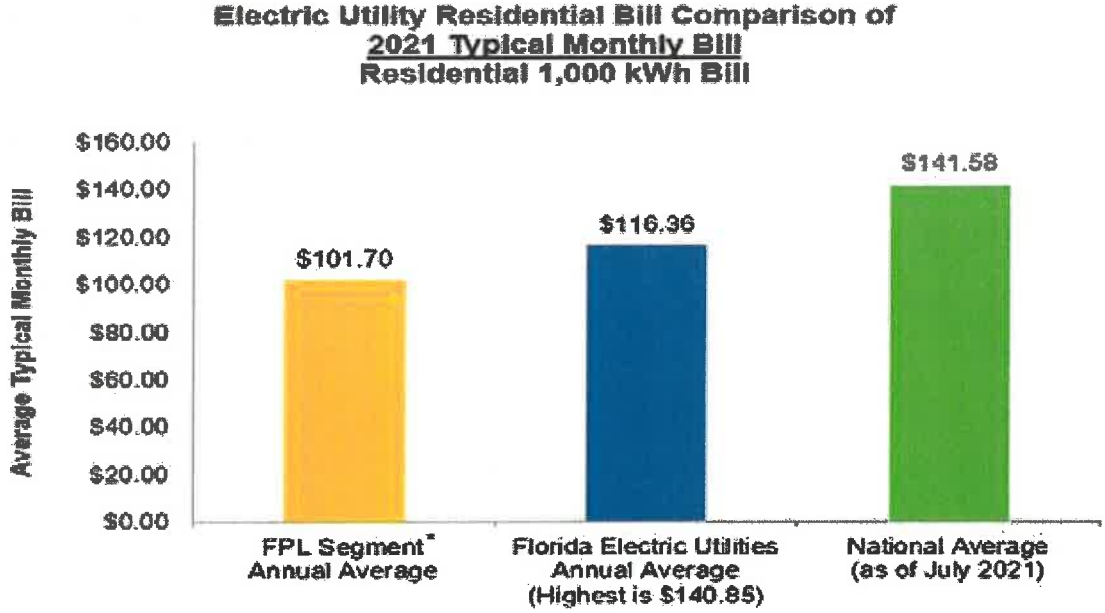




Industrial, Wholesale and Other collectively less than 1%

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

FPL seeks to maintain attractive rates for its customers. Since rates are largely cost-based, maintaining low rates requires a strategy focused on developing and maintaining a low-cost position, including the implementation of ideas generated from cost savings initiatives. A common benchmark used in the electric power industry for comparing rates across companies is the price of 1,000 kWh of consumption per month for a residential customer. The FPL segment's 2021 average bill for 1,000 kWh of monthly residential usage was well below both the average of reporting electric utilities within Florida and the July 2021 national average (the latest date for which this data is available) as indicated below:

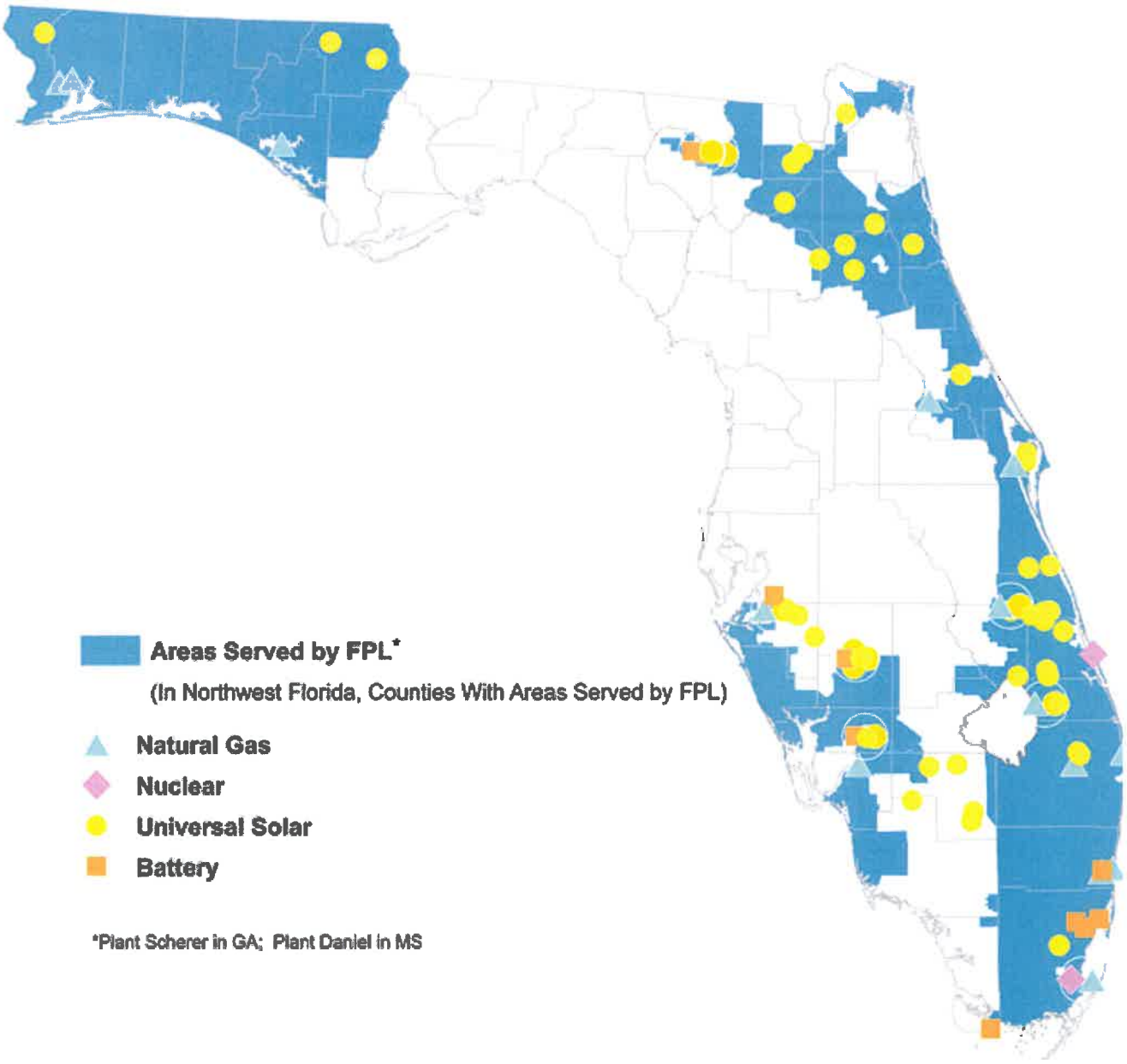


*The typical residential monthly bill for 1,000 kWh as of January 1, 2022 is $120.67, which reflects the terms of the 2021 rate agreement and excludes an amount associated with a 5-year transition rider mechanism and storm surcharges for Northwest Florida residential customers

FPL

FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. At December 31, 2021, the FPL segment had approximately 28,450 MW of net generating capacity, approximately 77,000 circuit miles of transmission and distribution lines and 696 substations. FPL provides service to its electric customers through integrated transmission and distribution systems that link its generation facilities to its customers. FPL also owns a retail gas business, which serves approximately 117,000 residential and commercial natural gas customers in four counties throughout southern Florida with 3,750 miles of natural gas distribution pipelines.

On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE. See FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025 below. FPL serves more than 11 million people through more than 5.7 million customer accounts. The following map shows FPL's service areas and plant locations, which cover most of the east and lower west coasts of Florida and are in eight counties throughout northwest Florida (see FPL Sources of Generation below).



PART I

Item 1. Business

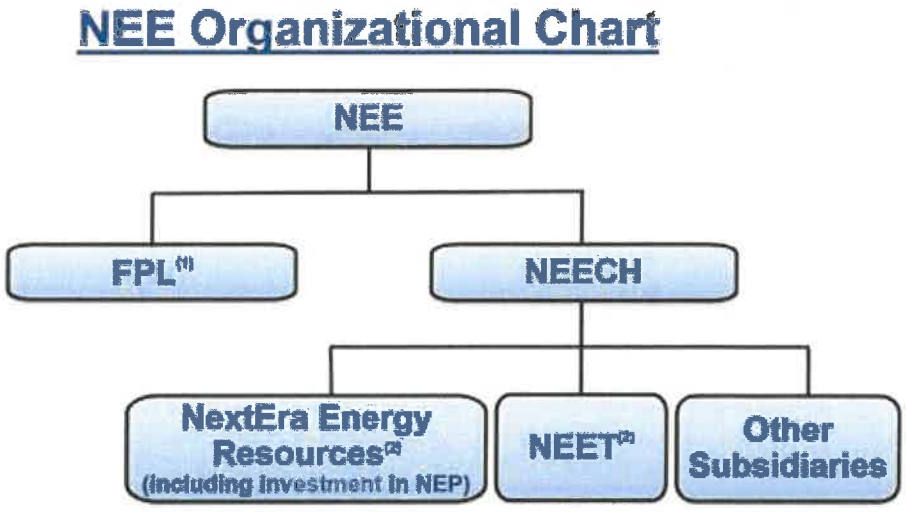
OVERVIEW

NEE is one of the largest electric power and energy infrastructure companies in North America and a leader in the renewable energy industry. NEE has two principal businesses, FPL and NEER. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. FPL's strategic focus is centered on investing in generation, transmission and distribution facilities to deliver on its value proposition of low customer bills, high reliability, outstanding customer service and clean energy solutions for the benefit of its more than 5.7 million customers. NEER is the world's largest generator of renewable energy from the wind and sun, as well as a world leader in battery storage. NEER's strategic focus is centered on the development, construction and operation of long-term contracted assets throughout the U.S. and Canada, primarily consisting of clean energy solutions such as renewable generation facilities and battery storage projects, and electric transmission facilities.

In January 2019, NEE acquired Gulf Power Company, a rate-regulated electric utility engaged in the generation, transmission, distribution and sale of electric energy in northwest Florida. On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. However, during 2021, FPL continued to be regulated as two separate ratemaking entities in the former service areas of FPL and Gulf Power. The FPL segment and Gulf Power continued to be separate operating segments of NEE, as well as FPL, through 2021. Effective January 1, 2022, FPL became regulated as one ratemaking entity with new unified rates and tariffs, and also became one operating segment of NEE (see FPL – FPL Regulation – FPL Electric Rate Regulation – Base Rates – Base Rates Effective January 2022 through December 2025). For purposes of discussion herein, the use of the term "FPL" represents FPL the legal entity and beginning January 1, 2022, an operating segment of NEE. Through December 31, 2021, "FPL segment" represents FPL, excluding Gulf Power, and "Gulf Power" represents an operating division of FPL, each operating segments of NEE and FPL.

As described in more detail in the following sections, NEE seeks to create value in its two principal businesses by meeting its customers' needs more economically and more reliably than its competitors. NEE's strategy has resulted in profitable growth over sustained periods at both FPL and NEER. Management seeks to grow each business in a manner consistent with the varying opportunities available to it; however, management believes that the diversification and balance represented by FPL and NEER is a valuable characteristic of the enterprise and recognizes that each business contributes to NEE's financial strength in different ways. FPL and NEER share a common platform with the objective of lowering costs and creating efficiencies for their businesses. NEE and its subsidiaries, with employees totaling approximately 15,000 as of December 31, 2021, continue to develop and implement enterprise-wide initiatives focused on improving productivity, process effectiveness and quality.

As of January 1, 2022, NEE's segments for financial reporting purposes are FPL and NEER. NEECH, a wholly owned subsidiary of NEE, owns and provides funding for NEE's operating subsidiaries, other than FPL and its subsidiaries. NEP, an affiliate of NextEra Energy Resources, acquires, manages and owns contracted clean energy projects with stable, long-term cash flows. See NEER section below for further discussion of NEP. The following diagram depicts NEE's simplified ownership structure:



(1) On January 1, 2021, FPL and Gulf Power Company merged, with FPL as the surviving entity. For financial reporting purposes, in 2021, the FPL segment and Gulf Power were reported as separate segments at FPL and continued to be reported as separate segments at NEE.
(2) Comprises the NEER segment.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as may result, are expected to, will continue, is anticipated, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, important factors included in Part I, Item 1A. Risk Factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NEE's and/or FPL's operations and financial results, and could cause NEE's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NEE and/or FPL in this combined Form 10-K, in presentations, on their respective websites, in response to questions or otherwise.

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

DEFINITIONS

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

Term	Meaning
AFUDC – equity	equity component of allowance for funds used during construction
Bcf	billion cubic feet
CAISO	California Independent System Operator
capacity clause	capacity cost recovery clause, as established by the FPSC
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
environmental clause	environmental cost recovery clause, as established by the FPSC
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly owned NextEra Energy Resources subsidiary
FPL	the legal entity, Florida Power & Light Company; beginning January 1, 2022, an operating segment of NEE
FPL segment	through December 31, 2021, FPL, excluding Gulf Power, related purchase accounting adjustments and eliminating entries, and an operating segment of NEE and FPL
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
Gulf Power	through December 31, 2021, an operating segment of NEE and an operating division and operating segment of FPL
ISO	independent system operator
ISO-NE	ISO New England Inc.
ITC	investment tax credit
kW	kilowatt
kWh	kilowatt-hour(s)
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MISO	Midcontinent Independent System Operator
MMBtu	One million British thermal units
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	an operating segment comprised of NextEra Energy Resources and NEET
NEET	NextEra Energy Transmission, LLC
NEP	NextEra Energy Partners, LP
NEP OpCo	NextEra Energy Operating Partners, LP
NERC	North American Electric Reliability Corporation
net capacity	net ownership interest in pipeline(s) capacity
net generating capacity	net ownership interest in plant(s) capacity
net generation	net ownership interest in plant(s) generation
Note __	Note __ to consolidated financial statements
NextEra Energy Resources	NextEra Energy Resources, LLC
NRC	U.S. Nuclear Regulatory Commission
NYISO	New York Independent System Operator
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
OEB	Ontario Energy Board
OTC	over-the-counter
OTTI	other than temporary impairment
PJM	PJM Interconnection, LLC
PMI	NextEra Energy Marketing, LLC
Point Beach	Point Beach Nuclear Power Plant
PTC	production tax credit
PUCT	Public Utility Commission of Texas
regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
RTO	regional transmission organization
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a NextEra Energy Resources subsidiary has a 42.5% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
storm protection plan	storm protection plan cost recovery clause, as established by the FPSC
U.S.	United States of America

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2021**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY**	59-0247775

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:

Registrants	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
NextEra Energy, Inc.	Common Stock, $0.01 Par Value	NEE	New York Stock Exchange
	4.872% Corporate Units	NEE.PRO	New York Stock Exchange
	5.279% Corporate Units	NEE.PRP	New York Stock Exchange
	6.219% Corporate Units	NEE.PRQ	New York Stock Exchange
Florida Power & Light Company	None		

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

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

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

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

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

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

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

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

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

NextEra Energy, Inc. Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐
Florida Power & Light Company Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☑ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether each registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates at June 30, 2021 (based on the closing market price on the Composite Tape on June 30, 2021) was $143,450,834,024.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates at June 30, 2021.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at January 31, 2022: 1,962,744,998

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at January 31, 2022, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

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

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

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ANNUAL REPORT **2021**