

# Florida Power & Light Company

Florida Power & Light Company's (FPL) ratings reflect its predictable nature of cash flows from regulated electric operations, a constructive outcome to the 2025 rate case that provides four years of regulatory certainty, robust customer growth, and a strong balance sheet and liquidity profile.

## Key Rating Drivers

**Supportive Regulatory Construct:** Fitch Ratings views Florida's regulatory environment as supportive. Forecasted test years and multiyear rate case filings ensure timely recovery of costs. These include fuel and purchased power costs, solar and battery storage investments through Solar and Battery Base Rate Adjustments (SoBRA), and expenditures for storm restoration and environmental compliance. Authorized ROE and equity ratio are constructive.

**Constructive Rate Case Outcome:** FPL received a constructive rate order in its 2025 rate case that provides four years of regulatory certainty. FPL was authorized for a base rate increase of \$945 million in 2026 and \$705 million in 2027, with additional rate increases in 2027 - 2029 on solar and battery investments through SoBRA mechanism. The rate increases are based on 10.95% midpoint ROE and continuation of the 59.6% equity ratio.

**Strong Growth in Service Territory:** Florida's economy continues to do well, with most key economic indicators, such as housing starts, employment and consumer sentiment, on an upward trend. FPL experienced a 0.4% increase in retail sales during 2025, driven by 1.6% customer growth, partially offset by weather-related lower usage. Fitch's financial forecasts for FPL are based on a 1.0% cumulative annual growth rate in retail sales over 2026-2027.

**High Capex:** FPL has outlined more than \$22 billion in potential capital investments over 2026-2027. A significant portion will be spent to maintain and upgrade infrastructure, including storm hardening, grid reliability, and transmission investments. The remainder is earmarked for new generation capacity, which includes utility-scale solar generation and battery storage. Fitch expects FPL to finance its capex and dividend distributions in a balanced manner to maintain its regulatory capital structure.

**Physical Risks Mitigated:** FPL has undertaken robust measures to harden the grid against storms and hurricane activity, including hardening feeders and transmission structures, undergrounding the distribution system, conducting pole inspection and real-time flood monitoring at substations. As a result, FPL demonstrates strong storm performance and quick restoration times for impacted customers after hurricanes. Approximately 50% of FPL's distribution system is underground. Approximately 90% of FPL's customers reside in areas with very low to relatively moderate wildfire risk, as designated by the Federal Emergency Management Agency.

**Parent-Subsidiary Rating Linkage:** NextEra Energy, Inc. (A-/Stable) and FPL have parent-subsidiary linkage. Fitch determines NextEra's standalone credit profile (SCP) using consolidated metrics. Fitch considers FPL to have a stronger SCP than NextEra. Fitch therefore follows the stronger subsidiary path. FPL's status as a regulated entity is a key consideration. Legal ring fencing is considered porous because of the general protection afforded by regulatory oversight. Fitch evaluates access and control as porous. These linkage considerations limit the difference between NextEra's and FPL's Issuer Default Ratings (IDRs) to two notches.

## Ratings

Long-Term IDR	A
Short-Term IDR	F1
Senior Unsecured Debt - Long-Term Rating	A+
Senior Secured Debt - Long-Term Rating	AA-
Senior Unsecured Debt - Short-Term Rating	F1

## Outlook

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

## ESG and Climate

### Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3
2035 Climate Vulnerability Signal	45
Transition (Climate.VSt)	30
Physical (Climate.VSp)	40

## Applicable Criteria

[Corporates Recovery Ratings and Instrument Ratings Criteria \(August 2024\)](#)

[Corporate Hybrids Treatment and Notching Criteria \(April 2025\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(June 2025\)](#)

[Corporate Rating Criteria \(January 2026\)](#)

[Sector Navigators - Addendum to the Corporate Rating Criteria \(January 2026\)](#)

## Related Research

[Global Corporates Sector Forecasts Monitor: April 2026 \(April 2026\)](#)

[North American Utilities & Power Outlook 2026 \(December 2025\)](#)

[North American Integrated Utilities - Peer Credit Analysis \(December 2025\)](#)

[North American Utilities, Power & Gas 1Q26 Rating Trends Stable \(April 2026\)](#)

## Analysts

Simar Jolly  
+1 647 556 8268  
[simar.jolly@fitchratings.com](mailto:simar.jolly@fitchratings.com)

Philip Smyth, CFA  
+1 212 908 0531  
[philip.smyth@fitchratings.com](mailto:philip.smyth@fitchratings.com)

## Rating Sensitivities

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

- Unfavorable changes in Florida's regulatory policies for the timely recovery of utility capital investments, fuel and purchased power costs, and storm-related costs;
- Increasing risk profile of its parent company from higher debt leverage or aggressive corporate strategy;
- Sustained flow from operations (FFO) leverage above 4.0x.

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

- Positive rating actions for FPL are unlikely at this time.

## Issuer Profile

FPL is the largest vertically integrated electric utility in Florida, serving more than 6.0 million customers. It is a wholly owned subsidiary of NextEra Energy Inc.

## Financial Summary

(USD Mil.)	2022	2023	2024	2025
Gross revenue	17,282	18,365	17,019	18,262
EBITDA	8,155	10,535	9,486	10,757
CFO (Fitch-defined)	4,884	8,289	8,502	8,529
Capital intensity (capex/revenue) (%)	53.1	51.2	48.3	48.9
Debt	23,114	28,152	28,444	30,123
FFO interest coverage (x)	8.4	7.9	7.1	8.0
FFO leverage (x)	3.9	3.4	3.4	3.0
EBITDA leverage (x)	2.8	2.7	3.0	2.8

Source: Fitch Ratings, Fitch Solutions

## Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using its Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): Management (bbb, Lower), Sector Characteristics (a, Higher), Market & Competitive Positioning (bbb+, Moderate), Diversification and Asset Quality (a, Moderate), Company Operational Characteristics (bbb+, Moderate), Profitability (a-, Moderate), Financial Structure (a+, Higher), and Financial Flexibility (bbb+, Moderate).
- The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.
- The Governance Impact assessment of 'Good' results in no adjustment.
- The Operating Environment Impact assessment of 'aa-' results in no adjustment.
- The SCP is 'a'.

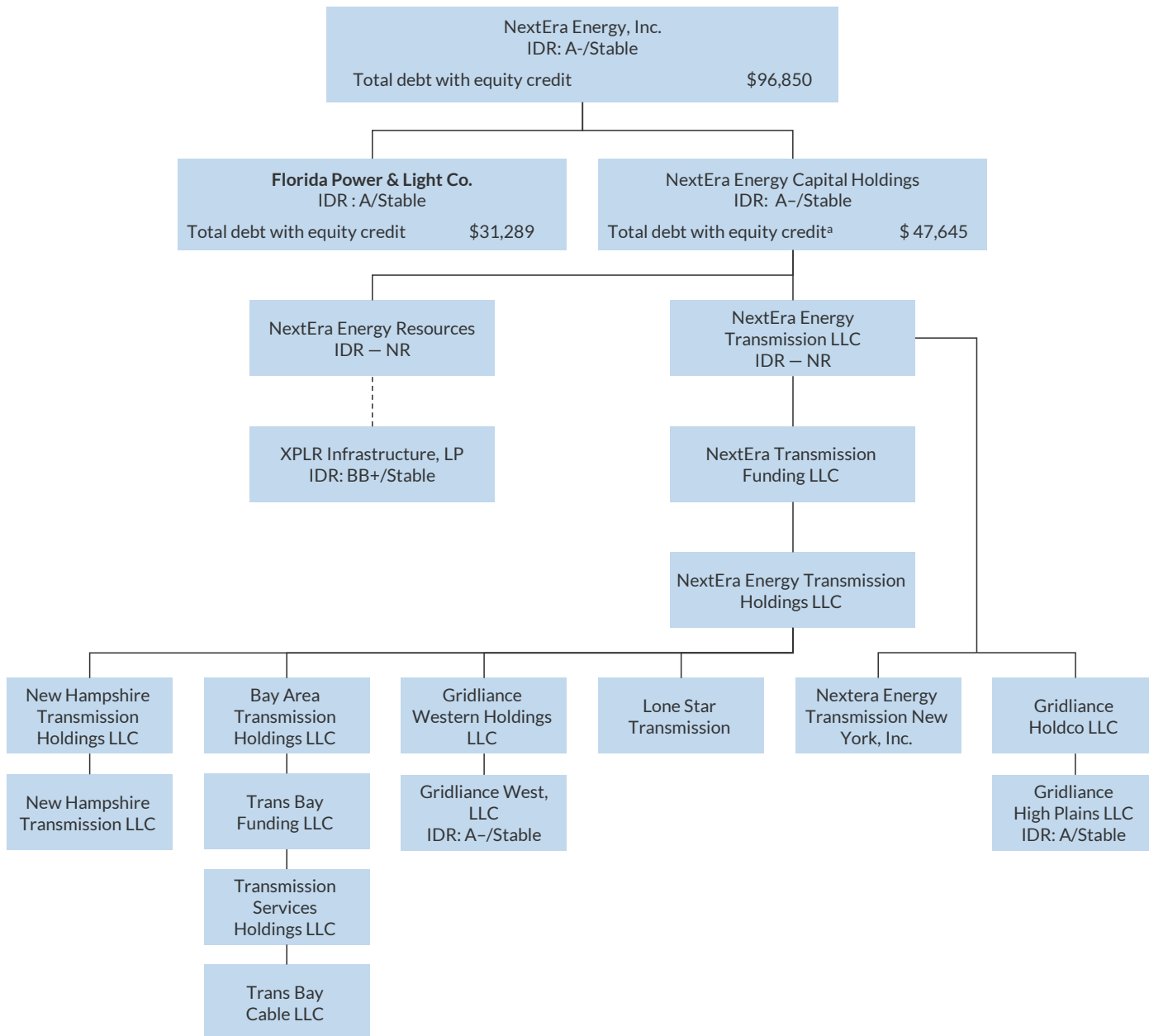
To derive the IDR:

- Application of Fitch's "Parent Subsidiary Linkage Considerations Rating Criteria" results in a consolidated profile +2 approach.

Simplified Group Structure Diagram

NextEra Group Organizational Structure

(USD Mil., as of Mar. 31, 2026)



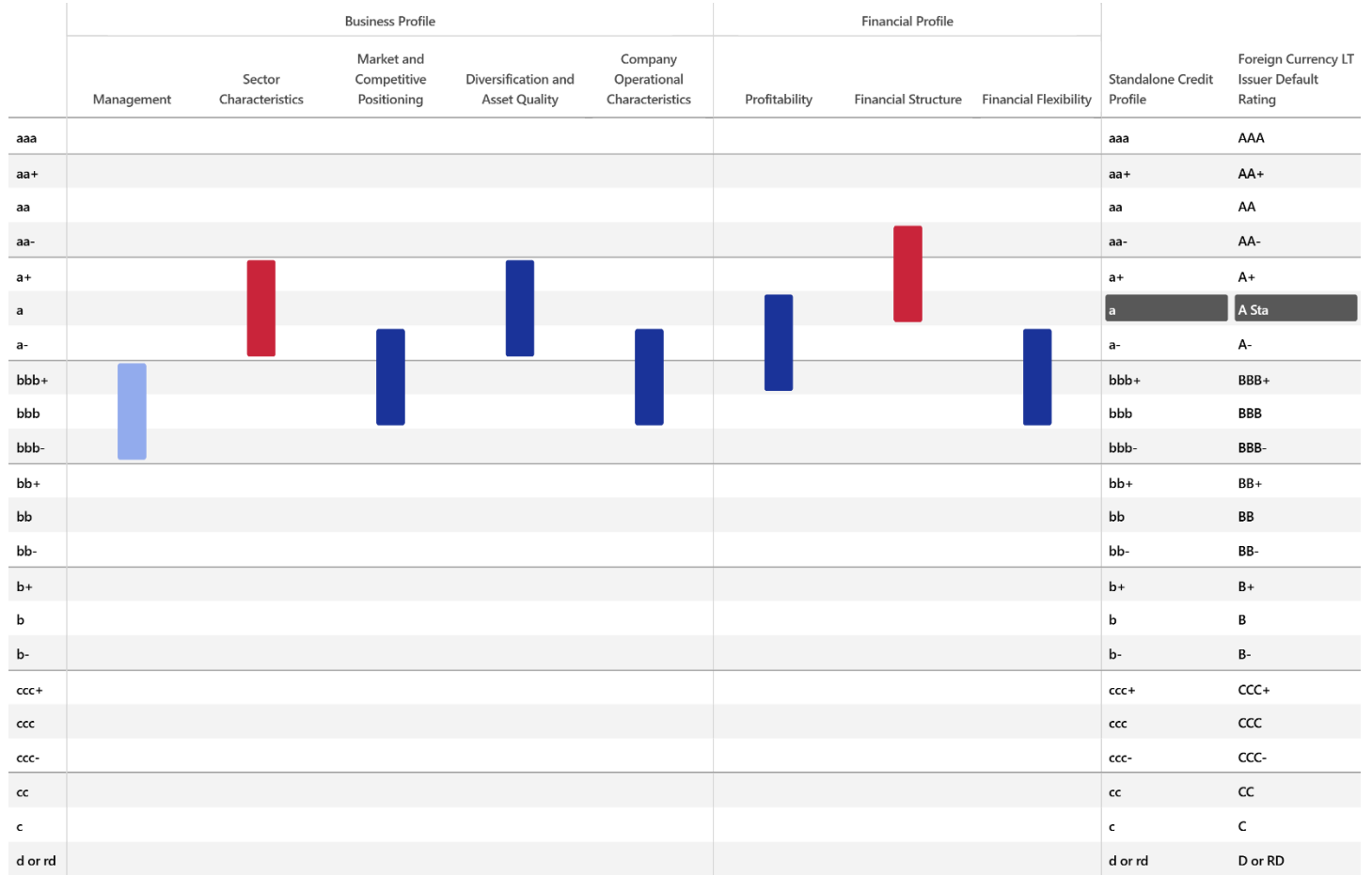
<sup>a</sup>50% equity credit at NextEra Energy Capital Holdings for junior subordinated debt.

Notes: Fitch does not consolidate NextEra Energy Partners (similar to the accounting treatment that NextEra Energy follows). As a result, Nextera Energy Partners debt is not included in NextEra Energy total debt. NR - Not rated. IDR - Issuer default rating

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

Ratings Navigator

North American Utilities



Factor Outlook: Stable (grey square), Evolving (grey diamond), Positive (grey triangle up), Negative (grey triangle down)  
 Relative Importance: Lower (light blue square), Moderate (dark blue square), Higher (red square)

Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	aa-	0
Other risk elements	Not applied	0
Calibration	Not applied	0
<b>Standalone Credit Profile</b>		<b>a</b>
Parent subsidiary linkage	Consolidated profile+2	A
Government related entities	Not applied	—
Other criteria considerations	Not applied	0
Country ceiling considerations	Not applied	0

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Management</b>	bbb / stable / lower	
Risk tolerance	bbb / moderate	Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed.
Management strategy	bbb / moderate	Good track record of implementing coherent and stable strategy.
Management quality	bbb / moderate	Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses.

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Sector characteristics</b>	a / stable / higher	
Regulatory environment	bbb / moderate	Generally transparent and predictable regulation with limited political interference.
Mechanisms supportive of creditworthiness	N/A / n/a	Subfactor not relevant to the issuer.
Cost and investment recovery	a / higher	Minimal lag to recover capital and operating costs.
Trend in authorized roes	a / higher	Above-average authorized ROE.
Market structure	a / moderate	Well-established market structure with complete transparency in price-setting mechanisms.

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Market and competitive positioning</b>	bbb+ / stable / moderate	
Underlying supply mix	bbb / moderate	Low variable costs and moderate flexibility of supply.
Consumption growth potential	bbb / moderate	Customer and usage growth in line with industry averages.
Supply demand dynamics	a / moderate	Beneficial outlook for prices/rates.

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Diversification and asset quality</b>	a / stable / moderate	
Asset diversification	a / moderate	High-quality and/or large-scale diversified assets.
Geographic diversification	a / moderate	Favorable location or high geographic diversity.
Customer diversification	a / moderate	Favorable customer mix.

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Company operational characteristics</b>	bbb+ / stable / moderate	
Operational reliability	a / moderate	Track record of reliable, low-cost operations.
Capex intensity	bbb / moderate	Moderate reinvestments requirements in established technologies.
Cost competitiveness	a / moderate	Complete pass-through of commodity costs.
Exposure to weather risk	bbb / moderate	Resilient asset base, manageable exposure to wildfire, hurricane or other weather-related natural disasters supported by effective legal/regulatory constructs.
Environmental exposure	bbb / moderate	Limited or manageable exposure to environmental regulations.

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Profitability</b>	a- / stable / moderate	
Free cash flow	bbb / moderate	Structurally neutral to negative FCF across the investment cycle.
Volatility of profitability	a / higher	Higher stability and predictability of profits relative to utility peers.

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Financial structure</b>	a+ / stable / higher	
EBITDA leverage (x)	a+ / lower	3.25
FFO leverage (x)	a+ / higher	3.5

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Financial flexibility</b>	bbb+ / stable / moderate	
Financial access	a / moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'a' and above, or International financial markets with (primarily) FMD of 'a' and above. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle.
Liquidity	bb / moderate	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
FFO interest coverage (x)	a+ / moderate	5.5

Factor / Subfactor	Score / Outlook / Importance	Description
<b>Governance</b>	Good / – / –	
Ownership and decision-making concentration	Good / moderate	No concentration in ownership and/or decision-making. Presence of effective checks and balances. Key person risk is immaterial. Decision-making is defensible from a governance perspective.
Group structure transparency and contagion risk	Good / moderate	Transparent group structure. No contagion risks.
Information quality/transparency	Good / moderate	Timely and good provision of financial and operational information, facilitating the analysis of the credit profile.

## Parent Subsidiary Linkage Analysis

### Key Risk Factors and Notching Approach

Parent	NextEra Energy, Inc.
Parent LT IDR	A-
Subsidiary	Florida Power Light Company
Subsidiary LT IDR	A
Path	Stronger Subsidiary
Legal ring-fencing	Porous
Access and control	Porous
Notching matrix outcome	Consolidated+2
Override applied	No
Notching approach	—

LT IDR – Long-Term Issuer Default Rating  
Source: Fitch Ratings

### Stronger Subsidiary Notching Matrix

Access and control	Open	Porous	Insulated
With open ring-fencing	Consolidated	Consolidated+1	Consolidated+2 <sup>b</sup>
With porous ring-fencing	Consolidated+1	Consolidated+2 <sup>b</sup>	Consolidated+2 <sup>b</sup>
With insulated ring-fencing <sup>a</sup>		Standalone	Standalone

<sup>a</sup>It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a consolidated+1, consolidated+2 or standalone outcome.

<sup>b</sup>Notching is capped at the subsidiary's Standalone Credit Profile.

Source: Fitch Ratings

## Fitch's Key Rating-Case Assumptions

- Weather-normalized sales growth of approximately 1.0% over 2026-2027;
- Rate increases per the 2025 rate order with new rates effective Jan. 1, 2026;
- Continued operations and maintenance (O&M) cost control;
- Interest rate at 5.5%;
- Capex of approximately \$22.06 billion over 2026-2027;
- Balanced funding mix.

## Liquidity and Debt Structure

FPL's long-term debt financing vehicles are primarily taxable secured first mortgage bonds and tax-exempt revenue bonds. FPL has its own credit facilities, separate from NextEra and its other subsidiaries, to provide liquidity backup for commercial paper (CP) funding and variable rate, tax-exempt revenue notes, as well as for the issuance of Letters of Credit (LOC).

Committed corporate credit facilities for NextEra and FPL aggregated to approximately \$24.6 billion on Mar. 31, 2026, excluding limited recourse or nonrecourse project financing arrangements, but including \$5.6 billion in unsecured facilities available to FPL as loans, and \$450 million available to issue LOCs.

As of March 31, 2026, FPL's bank revolving line of credit facilities were also available to support the purchase of \$1,566 million of pollution control, solid waste disposal and industrial development revenue bonds, as well as the repayment of approximately \$1,973 million of floating rate notes in the event of early redemption. Credit facilities available to FPL mature from 2026 to 2031. In Fitch's view, FPL's debt maturities are manageable.

## Liquidity and Debt Maturities

### Liquidity Analysis

(USD Mil.)	Dec. 31, 2024	Dec. 31, 2025
Total cash and cash equivalents	133	88
Short-term investments	–	–
Less not readily available cash and cash equivalents	101	46
<b>Fitch-defined readily available cash and cash equivalents</b>	<b>32</b>	<b>42</b>
Availability under committed lines of credit	3,066	3,293
<b>Total liquidity</b>	<b>3,098</b>	<b>3,335</b>
LTM EBITDA after associates and minorities	9,486	10,757
LTM FCF	-3,412	-1,506

Source: Fitch Ratings, Fitch Solutions, Florida Power & Light Company

### Scheduled Debt Maturities

(USD Mil.)	Dec. 31, 2025
2026	1,771
2027	328
2028	1,992
2029	948
2030	500
Thereafter	24,584
<b>Total</b>	<b>30,123</b>

Source: Fitch Ratings, Fitch Solutions, Florida Power & Light Company

## Financial Data

(USD Mil.)	2022	2023	2024	2025
<b>Summary income statement</b>				
Gross revenue	17,282	18,365	17,019	18,262
Revenue growth (%)	22.6	6.3	-7.3	7.3
EBITDA before income from associates	8,155	10,535	9,486	10,757
EBITDA margin (%)	47.2	57.4	55.7	58.9
EBITDA after associates and minorities	8,155	10,535	9,486	10,757
EBIT	5,293	6,595	6,491	6,820
EBIT margin (%)	30.6	35.9	38.1	37.3
Gross interest expense	-798	-1,147	-1,233	-1,335
Pretax income including associate income/loss	4,648	5,675	5,513	5,731
<b>Summary balance sheet</b>				
Readily available cash and equivalents	25	57	32	42
Debt	23,114	28,152	28,444	30,123
Net debt	23,089	28,095	28,412	30,081
<b>Summary cash flow statement</b>				
EBITDA	8,155	10,535	9,486	10,757
Cash interest paid	-706	-1,069	-1,198	-1,276
Cash tax	-22	-981	-640	-37
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—
Other items before FFO	-2,184	-1,160	-401	-567
FFO	5,243	7,325	7,247	8,878
FFO margin (%)	30.3	39.9	42.6	48.6
Change in working capital	-359	964	1,255	-349
CFO (Fitch-defined)	4,884	8,289	8,502	8,529
Total non-operating/nonrecurring cash flow	—	—	—	—
Capex	-9,185	-9,400	-8,214	-8,935
Capital intensity (capex/revenue) (%)	53.1	51.2	48.3	48.9
Common dividends	-2,000	-4,545	-3,700	-1,100
FCF	-6,301	-5,656	-3,412	-1,506
FCF margin (%)	-36.5	-30.8	-20.1	-8.2
Net acquisitions and divestitures	—	924	—	—
Other investing and financing cash flow items	-202	-104	3,188	-203
Net debt proceeds	2,828	4,850	285	1,664
Net equity proceeds	3,625	—	—	—
Total change in cash	-50	14	61	-45
<b>Calculations for forecast publication</b>				
Capex, dividends, acquisitions and other items before FCF	-11,185	-13,021	-11,914	-10,035
FCF after acquisitions and divestitures	-6,301	-4,732	-3,412	-1,506
FCF margin after net acquisitions (%)	-36.5	-25.8	-20.1	-8.2
<b>Gross Leverage ratios (x)</b>				
EBITDA leverage	2.8	2.7	3.0	2.8
(CFO-capex)/debt (%)	-18.6	-3.9	1.0	-1.3
<b>Net Leverage ratios (x)</b>				
EBITDA net leverage	2.8	2.7	3.0	2.8
(CFO-capex)/net debt (%)	-18.6	-4.0	1.0	-1.4
<b>Coverage ratios (x)</b>				
EBITDA interest coverage	11.6	9.9	7.9	8.4

CFO – Cash flow from operations  
Source: Fitch Ratings, Fitch Solutions

## Fitch Adjusted Financials

(USD Mil., as of Dec. 31, 2025)	Notes and formulas	Standardized values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
<b>Income statement summary</b>						
Revenue		18,262	–	–	–	18,262
EBITDA	(a)	10,762	–	-5	-0	10,757
Depreciation and amortization		-3,942	–	4	0	-3,938
EBIT		6,820	–	-0	0	6,820
<b>Balance sheet summary</b>						
Debt	(b)	29,812	311	–	–	30,123
Of which other off-balance-sheet debt		–	–	–	–	–
Lease-equivalent debt		–	–	–	–	–
Lease-adjusted debt		29,812	311	–	–	30,123
Readily available cash and equivalents	(c)	42	–	–	–	42
Not readily available cash and equivalents		46	–	–	–	46
<b>Cash flow summary</b>						
EBITDA	(a)	10,762	–	-5	-0	10,757
Dividends received from associates less dividends paid to minorities	(d)	–	–	–	–	–
Interest paid	(e)	-1,225	–	0	-51	-1,276
Interest received	(f)	–	–	–	–	–
Preferred dividends paid	(g)	–	–	–	–	–
Cash tax paid		-37	–	–	–	-37
Other items before FFO		-967	–	–	400	-567
FFO	(h)	8,533	–	-4	349	8,878
Change in working capital		–	–	–	-349	-349
CFO	(i)	8,533	–	-4	0	8,529
Non-operating/nonrecurring cash flow		–	–	–	–	–
Capex	(j)	-8,935	–	–	–	-8,935
Common dividends paid		-1,100	–	–	–	-1,100
FCF		-1,502	–	-4	-0	-1,506
<b>Gross leverage (x)</b>						
EBITDA leverage	b / (a+d)	2.8	–	–	–	2.8
FFO leverage	b / (h-e-f-g)	3.1	–	–	–	3.0
(CFO-capex)/debt (%)	(i+j) / b	-1.3	–	–	–	-1.3
<b>Net leverage (x)</b>						
EBITDA net leverage	(b-c) / (a+d)	2.8	–	–	–	2.8
FFO net leverage	(b-c) / (h-e-f-g)	3.1	–	–	–	3.0
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-1.3	–	–	–	-1.4
<b>Coverage (x)</b>						
EBITDA interest coverage	(a+d) / (-e)	8.8	–	–	–	8.4
FFO interest coverage	(h-e-f-g) / (-e-g)	8.0	–	–	–	8.0

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

### Peer Analysis

FPL is favorably positioned relative to other highly rated integrated utility peers including Alabama Power Company (A/Stable) and Oklahoma Gas & Electric (OG&E; A-/Stable). FPL's credit metrics are superior to both Alabama Power and OG&E. Fitch expects FFO-adjusted leverage to average 3.1x-3.3x for FPL, compared with 3.6x for Alabama Power and 4.1x for OG&E.

Fitch views regulation in Florida and Alabama to be constructive and predictable for its utilities and Oklahoma regulation as generally balanced. FPL has negligible exposure to coal-fired generation, while this exposure is large for Alabama Power.

FPL's ratings are constrained due to ownership by NextEra Energy Inc. (A-/Stable), which, unlike Alabama Power's weaker parent, derives approximately 25% of its earnings from non-regulated operations.

### Navigator Peer Comparison

Issuer	Business profile (Score/Relative Importance)							Financial profile (Score/Relative Importance)				
	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility			
Florida Power & Light Company	A/Stable	bbb	a	bbb+	a	bbb+	a-	a+	bbb+			
Alabama Power Company	A/Stable	bbb+	a	a-	bbb	bbb+	a-	a	a-			
Oklahoma Gas and Electric Company	A-/Stable	bbb+	bbb+	a-	a-	bbb+	bbb	a-	a-			

Relative importance: ■ Higher ■ Moderate ■ Lower  
Source: Fitch Ratings

Issuer	Business profile (Score/Outlook)					Financial profile (Score/Outlook)			
	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility
Florida Power & Light Company	A/Stable	bbb	a	bbb+	a	bbb+	a-	a+	bbb+
Alabama Power Company	A/Stable	bbb+	a	a-	bbb	bbb+	a-	a	a-
Oklahoma Gas and Electric Company	A-/Stable	bbb+	bbb+	a-	a-	bbb+	bbb	a-	a-

Rating categories: ■ b/cc ■ bb ■ bbb ■ a ■ aa ▲ Factor outlook direction.  
Source: Fitch Ratings

### Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	FFO (USD Mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
Florida Power & Light Company	A						
	A	2025	18,262	8,878	8.0	3.0	2.8
	A	2024	17,019	7,247	7.1	3.4	3.0
Alabama Power Company	A						
	A	2025	8,235	2,818	7.2	3.7	3.2
	A	2024	7,554	2,628	6.9	3.7	3.1
Oklahoma Gas and Electric Company	A						
	A-	2025	3,260	1,021	5.4	4.0	3.6
	A-	2024	2,985	994	5.5	4.1	3.8
	A-	2023	2,674	928	5.9	4.0	3.9

Source: Fitch Ratings, Fitch Solutions

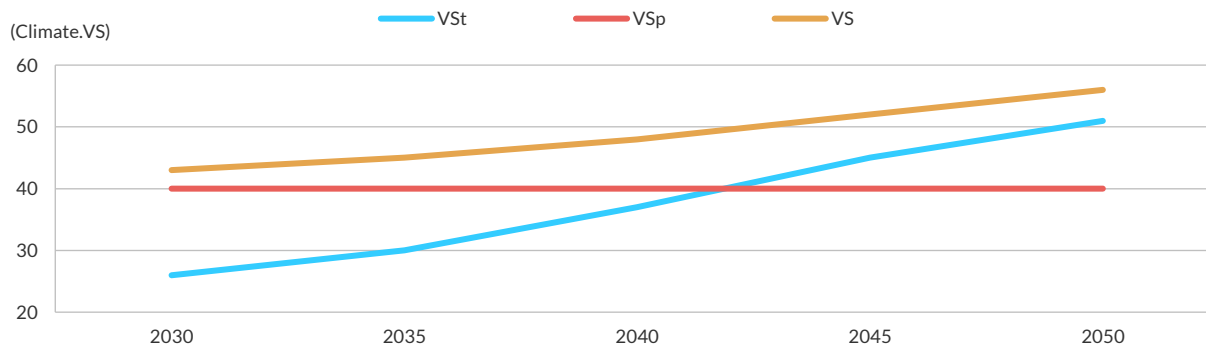
### Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify credits with higher exposure to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch’s [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Fitch’s latest [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#) report.

The Climate.VS for 2035 is 45 out of 100. This reflects a VSp of 40 and a VSt of 30.

The results of our Climate.VS screener indicate some potential exposure to physical climate risk for NextEra Energy, Inc.. However this does not influence the current rating because FPL has undertaken robust measures to harden the grid against storms and hurricane activity, including hardening feeders and transmission structures, undergrounding the distribution system, conducting pole inspection and real-time flood monitoring at substations. As a result, FPL demonstrates strong storm performance and quick restoration times for impacted customers after hurricanes. Approximately 50% of FPL's distribution system is underground. Regarding wildfire risks, approximately 90% of FPL's customers reside in areas with very low to relatively moderate wildfire risk, as designated by the Federal Emergency Management Agency.

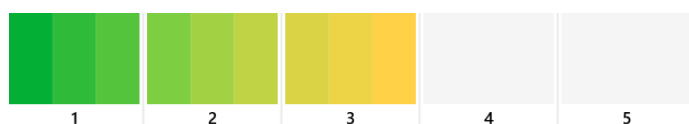
### Climate Vulnerability Signals



Source: Fitch Ratings

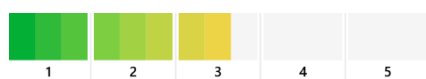
## ESG Considerations

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



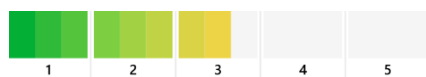
### Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Company Operational Characteristics; Market and Competitive Positioning; Sector Characteristics; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Company Operational Characteristics; Market and Competitive Positioning; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Company Operational Characteristics; Sector Characteristics; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Company Operational Characteristics; Sector Characteristics; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Company Operational Characteristics; Sector Characteristics; Profitability



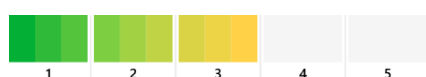
### Social Relevance Scores

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



### Governance Relevance Scores

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



**ESG Scoring**

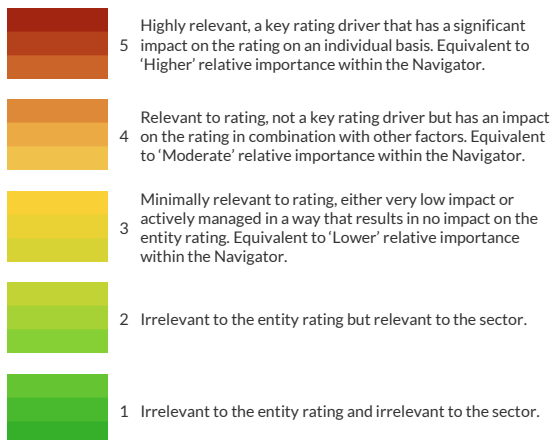
ESG relevance scores range from '1' to '5' based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualizations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarize rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

**Credit-Relevant ESG Scale**



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