

Research Update:

NextEra Energy Inc., Subsidiaries Ratings Affirmed On Announced Merger With Dominion Energy; Outlook Stable

May 18, 2026

Rating Action Overview

- **NextEra Energy Inc.** (NEE) announced today that it has entered a definitive agreement to merge with Dominion Energy Inc. (Dominion) in a 100% stock-for-stock transaction that's expected to close in the second half of 2027.
- Dominion's shareholders will receive a fixed exchange ratio of 0.8138 shares of NEE for each share of Dominion they own and a one-time cash payment of \$360 million at transaction close.
- If the transaction closes as expected, we expect NEE's lower-risk regulated business mix to increase to over 80% from 70%, which reduces overall business risk. We would also lower the funds from operations (FFO)-to-debt downgrade threshold for NEE to 17% from 18%.
- We affirmed all of our ratings on NEE, including the 'A-' issuer credit rating. The outlook remains stable.
- We also affirmed all our ratings on NEE subsidiary Florida Power & Light Co. (FP&L), including the 'A' issuer credit rating, the A+ senior secured rating, and the 'A-1' short-term and commercial paper ratings. The outlook remains stable.
- In addition, we affirmed all our ratings on subsidiary NextEra Energy Capital Holdings (NEECH), including our 'A-' issuer credit rating, the 'A-2' commercial paper ratings, the 'BBB+' debentures, and the 'BBB' junior subordinated notes.
- The stable outlook on NEE incorporates our view that should the transaction close as expected, NEE will maintain its lower-risk regulated utility business at greater than 80% of consolidated EBITDA, without an increase to business risk, and maintain consolidated FFO to debt at consistently above 17% beginning in 2028.

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Rating Action Rationale

The affirmations reflect our expectation of reduced business risk for NEE if the transaction closes as expected, supporting a lower FFO-to-debt downgrade threshold. Post transaction, we expect to revise NEE's FFO-to-debt downgrade and upgrade thresholds to 17% and 24%, respectively, from 18% and 25%. These revisions reflect our view of a potentially larger consolidated company with marginally reduced business risk. Specifically, the combined pro forma entity will increase NEE's consolidated regulated customer count to approximately 10 million customer accounts from about 6 million. It also expands the company's regulated footprint to four regulatory jurisdictions from one, and the companies plan to maintain dual headquarters in Florida, and Virginia, with operational headquarters in South Carolina. Most importantly, upon the transaction close, NEE's lower-risk regulated utility businesses will account for more than 80% of the company's consolidated EBITDA, a material improvement from about 70%. Furthermore, while Dominion has higher regulated construction risk associated with its Coastal Virginia Offshore Wind investment (expected to come online in early 2027), we anticipate that the project will be completed prior to the transaction's closing, limiting NEE's exposure. The merger is subject to customary closing conditions and approvals, including approvals from the Virginia State Corporation Commission, the North Carolina Utilities Commission, and the Public Service Commission of South Carolina. The transaction is expected to close in the second half of 2027.

We assess NEE's financial risk profile as significant under our medial volatility financial risk table. This reflects the company's low-risk regulated utility operations and effective regulatory risk management. In addition to the one-time \$360 million dividend payment to Dominion's shareholders, the transaction includes rate refunds totaling \$2.25 billion paid to Dominion's customers over a two-year period. Given the expected timing of the closing, we expect the combined entity's 2027 adjusted debt to be approximately \$130 billion, resulting in NEE's FFO to debt temporarily weakening to about 14.5% from 18%. However, beginning in 2028, we expect NEE to maintain FFO to debt consistently above 17%, with debt to EBITDA of 4.6x-5.7x. Our base case for 2027 through 2032 incorporates, on average, combined capital spending of close to \$60 billion, dividends of just under \$10 billion, and negative discretionary cash flow, which we expect to continue. Furthermore, our base case assumes the company's continued use of equity issuances, hybrid securities, asset recycling, tax credits, and tax equity to support its credit quality such that FFO to debt is consistently maintained above 17%.

We expect to assess Dominion and subsidiary Virginia Electric Power Co. (VEPCO) as core to NEE while assessing Dominion Energy South Carolina (DESC) as strategically important.

Assuming the transaction closes as expected, we would view both Dominion and VEPCO as core to NEE. This is largely because we view these entities as highly unlikely to be sold, and they operate in lines of business that closely align with NEE's mainstream businesses and customer base. In addition, these entities are highly successful at what they do and will contribute a significant proportion of NEE's consolidated EBITDA, with Dominion and VEPCO accounting for approximately 36%, and 30%, respectively. Furthermore, we expect both entities to be closely linked to NEE's reputation, brand, and risk management, and we anticipate these entities having a strong, long-term commitment of support from NEE under both benign and stressful conditions. For DESC, while many of the above attributes also apply, DESC only contributes approximately 6% of EBITDA on a pro forma basis. As such, our assessment of DESC as a strategically important subsidiary of NEE upon close incorporates our view that while DESC is important to NEE's long-term strategy, the full extent of extraordinary group support may be limited given its small size compared to other NEE subsidiaries.

Outlook

The stable outlook on NEE incorporates our view that if the transaction closes as expected, the company will maintain its lower-risk regulated utility business at greater than 80% of consolidated EBITDA without an increase to business risk. We also anticipate that it will maintain consolidated FFO to debt consistently above 17% beginning in 2028.

Downside scenario

Assuming the transaction closes as expected, we could lower our rating on NEE over the next 24 months if:

- Its lower-risk regulated utility businesses account for less than 80% of consolidated EBITDA;
- FFO to debt weakens consistently below 17%; or
- Business risk increases due to weaker regulatory risk management.

Alternatively, if the transaction doesn't close, we would likely lower the ratings on NEE if its FFO to debt weakens consistently below 18% or its lower-risk regulated utility businesses account for less than 70%.

Upside scenario

While unlikely, we could raise our rating on NEE over the next 24 months if its financial measures improve and consistently reflect FFO to debt greater than 24% without an increase to business risk. This scenario assumes that the transaction closes as expected.

Company Description

NEE is a large electric power and energy infrastructure company that primarily comprises lower-risk, regulated utility operations (approximately over 70% of EBITDA), competitive generation (approximately 20%), customer supply and trading (approximately 5%), and natural gas infrastructure businesses (approximately 5%). The company's regulated utility, FP&L, serves over 6 million customer accounts in Florida and maintains about 36,000 megawatts (MW) of generation capacity, including nuclear and natural gas. NEE's non-utility operations focus on contracted electric generation (under long-term contracts or hedged) with an emphasis on renewable energy projects as well as some fossil fuel and nuclear generation.

Liquidity

As of Dec. 31, 2025, we assessed the company's liquidity as adequate, which reflects our expectation that its sources of cash will be 1.1x its uses over the next 12 months, even if its consolidated EBITDA declines 10%. We believe NEE's predictable regulatory framework provides it with cash-flow stability even in times of economic stress, which supports our use of slightly lower thresholds to assess its liquidity.

In addition, we believe it can absorb high-impact, low-probability events. This reflects NEE's committed credit facilities with a large group of banks and our belief it can reduce its high capital spending during periods of stress, indicating a limited need for refinancing under such conditions.

Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group, and satisfactory standing in the credit markets. Overall, we believe NEE will likely withstand adverse market circumstances over the next 12 months while maintaining sufficient liquidity to meet its obligations. We expect the company to proactively address its long-term debt maturities of approximately \$3.5 billion (due in 2026) ahead of its maturity.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> • Estimated cash FFO of about \$13.5 billion; • Credit facility availability of \$15.8 billion; • Working-capital inflows of \$565 million; and • Cash and liquid investments of about \$2.8 billion. 	<ul style="list-style-type: none"> • Debt maturities, including outstanding commercial paper, of about \$6.1 billion; • Assumed maintenance capital spending of about \$16.5 billion, which reflects the company's ability to scale back its planned capital spending (including that related to growth) amid financial distress; and • Dividends of about \$5.2 billion.

Environmental, Social, And Governance

Environmental and governance factors are currently positive considerations in our credit rating analysis of NEE. The company is increasing the proportion of renewable generation in its generation portfolio while reducing its reliance on nuclear and natural gas generation. In addition, NEE's record of effective strategic planning and completion of its many infrastructure projects on time and on budget--while also meeting or exceeding its financial performance targets--lead us to anticipate it will successfully execute its strategic initiatives. That said, wildfire risk in and around the company's service territory is a risk factor we'll continue to monitor. Furthermore, the company's nuclear generation entails higher operating and nuclear waste risks and exposes it to potential health and safety risks despite its track record of effective management.

Group Influence

We view NEE as the ultimate parent of a group that includes FP&L, NEECH, NextEra Energy Resources LLC (unrated), and NextEra Energy Transmission LLC (unrated). We view FP&L and NEECH as core to NEE because it's unlikely to be sold, is integral to NEE's long-term strategy, and is likely to receive strong support from NEE's senior management. NEECH owns and provides funding for all of NEE's operating subsidiaries other than FP&L, and NEE guarantees the debt issued by NEECH.

Issue Ratings--Subordination Risk Analysis

Capital structure

- As of Dec. 31, 2025, NEE's capital structure comprised about \$96 billion of total debt, including a mix of debt at its subsidiaries, FP&L and NEECH.

Analytical conclusions

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

Rating Component Scores – NextEra Energy Inc.

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

Rating Component Scores – Florida Power & Light Co.

Component	
Foreign currency issuer credit rating	A/Stable/A-1
Local currency issuer credit rating	A/Stable/A-1
Business risk	Excellent
Country risk	Very low risk
Industry risk	Very low risk
Competitive position	Excellent
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	a+
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Positive (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	a+

Group credit profile a-
 Entity status within group Core & insulated (-1 notch from SACP)

Related Criteria

- [Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers](#), March 31, 2026
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013

- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Full Analysis: NextEra Energy Inc.](#), April 30, 2026

Ratings List

Ratings List

Ratings Affirmed

[NextEra Energy Inc.](#)

Issuer Credit Rating	A-/Stable/--
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[Florida Power & Light Co.](#)

Issuer Credit Rating	A/Stable/A-1
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[NextEra Energy Capital Holdings Inc.](#)

Issuer Credit Rating	A-/Stable/A-2
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[NextEra Energy Inc.](#)

Senior Unsecured	BBB
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[Florida Power & Light Co.](#)

Senior Unsecured	A
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Preferred Stock	BBB+
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Preference Stock	BBB+
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Commercial Paper	A-1
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[NextEra Energy Capital Holdings Inc.](#)

Senior Unsecured	BBB+
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Junior Subordinated	BBB
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Commercial Paper	A-2
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Ratings Affirmed; Recovery Ratings Unchanged

[Florida Power & Light Co.](#)

Senior Secured	A+
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Recovery Rating	1+
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