FitchRatings

Corporates
Electric-Corporate
United States

Florida Power & Light Company

Florida Power & Light Company's (FPL) ratings reflects the predictable nature of cash flows from regulated electric operations; a favorable 2021 rate order that provides for four years of regulatory certainty, robust customer growth, and a strong balance sheet and liquidity profile.

Key Rating Drivers

Constructive Resolution of 2021 Rate Case: FPL secured a constructive outcome to its 2021 combined four-year rate filing with Gulf Power. The order provided for a $692 million base rate revenue rise in 2022 and $560 million in 2023, and a solar base rate adjustment for the recovery of up to 900MW in new solar construction in 2024 and 2025 that would result in $140 million rate rise. While the authorized return on equity (ROE) was set at 10.6%, if the 30-year U.S. Treasury rates were 2.49% or higher over any consecutive six-month period, the authorized ROE would increase to 10.8%.

This increased ROE, effective as of Sep. 1, 2022, does not result in a base rate increase but will be applied for other regulatory purposes. The order also provides for continuation of the reserve amortization and the storm cost recovery mechanism. After the appeal by intervenors of the PSC Order, the Florida Supreme Court remanded the order back to the PSC. The PSC issued a subsequent order in March 2024 maintaining its determination that the 2021 rate agreement settlement was in the public interest. An appeal of the PSC order has been filed.

Recovery of Deferred Costs: The sharp run up in natural gas prices in 2022 resulted in approximately $2.1 billion in under-recovered fuel costs at FPL as of Dec. 31, 2022. FPL is recovering these deferred fuel costs over a 21-month period beginning June 2023 to avoid rate shock to customers. In addition, deferred 2022 storm costs of $1.3 billion were recovered over 12 months beginning April 2023.

Fitch considers the delayed recovery of these costs as a timing issue and, hence, adjusts these costs as well as their recovery from customers from its calculation of recurring FFO. Fitch expected FPL's credit metrics to remain robust over 2024-2026 with FFO leverage to be between 3.2x-3.4x and FFO fixed-charge coverage to be approximately 7.0x over this period.

Resolution of Campaign Finance Violations: The Federal Election Commission (FEC) voted to close its file regarding a complaint alleging federal election campaign law violations against FPL. Based on a third-party review, management believes that FPL would not be found liable for violating any Florida campaign finance law. The FEC news removes a major overhang for FPL.

Strong Growth in Service Territory: Florida's economy continues to do well. Customer growth was especially strong in 2020-2023, which more than offsets weak customer usage. In 2023, customer count rose by 1.2% while weather-adjusted usage fell by 0.6% compared to 2022. In the first quarter of 2024, customer growth was 1.7% and weather adjusted usage fell by 3.2% compared to the year ago quarter. Fitch's financial forecasts for FPL are based on a 1.0% cumulative annual growth rate in retail sales over 2024-2026.

Ratings

Florida Power & Light Company

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

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 36

Applicable Criteria

Corporate Rating Criteria (November 2023)

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

Sector Navigators – Addendum to the Corporate Rating Criteria (November 2023)

Parent and Subsidiary Linkage Rating Criteria (June 2023)

Related Research

Global Corporates Macro and Sector Forecasts

North American Utilities, Power & Gas — Relative Credit Analysis (November 2023)

North American Utilities, Power & Gas Dashboard: Third-Quarter 2023 (October 2023)

North American Utilities, Power & Gas Outlook 2023 (December 2022)

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High Capex: FPL has outlined $34 billion-$37 billion in potential capital investments over 2024-2027. A large portion will be spent to maintain and upgrade infrastructure, including investments for storm hardening and grid reliability and transmission investments. The balance 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, which include hardening of feeders and transmission structures, undergrounding of distribution, pole inspection and real time flood monitoring at substations, among others. As a result, FPL is able to demonstrate strong storm performance and quick restoration times for affected customers after hurricane events. About 49% of FPL's distribution system is underground. Regarding wildfire risks, about 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: There is parent subsidiary linkage between FPL and its parent company, NextEra Energy, Inc. (NextEra). Fitch determines NextEra's standalone credit profile (SCP) based upon consolidated metrics. We consider FPL to have SCP stronger than that of NextEra so have followed the stronger subsidiary path. Legal ring-fencing is considered porous given the general protections afforded by regulatory oversight. Access and control are evaluated as porous. NextEra centrally manages the treasury function for all its entities and is the source of equity. However, FPL issues its own debt. Fitch will limit the difference between the IDRs of NextEra and FPL to two notches.

Financial Summary

($ Mil.)	2019	2020	2021	2022	2023
Gross revenue	12,116	11,662	14,102	17,282	18,365
EBITDA	6,149	6,383	6,974	8,155	10,535
CFO (Fitch-defined)	5,098	5,372	5,349	4,884	8,289
Capital intensity (capex/revenue) (%)	47.5	57.3	53.7	53.1	51.2
Debt	15,799	17,370	20,283	23,114	28,152
FFO leverage (x)	2.9	2.9	3.4	3.9	3.0
FFO interest coverage (x)	9.6	10.2	10.3	8.4	8.9
EBITDA leverage (x)	2.6	2.7	2.9	2.8	2.7

Source: Fitch Ratings, Fitch Solutions, FPL

Rating Derivation Relative to Peers

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. Funds from operations (FFO) adjusted leverage is expected to average 3.1x-3.3x for FPL versus 4.1x for Alabama Power and 4.0x for OG&E. We view the regulation in Florida and Alabama to be constructive and predictable for its utilities. Oklahoma regulation has been constructive for a long while but has seen some deterioration in recent years. 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 about 20%-25% of its earnings from non-regulated operations.

Rating Sensitivities

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

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

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

- Unfavorable changes in Florida's regulatory policies for 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 FFO leverage above 4.0x.

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 CP funding and variable rate tax-exempt revenue notes, as well as for issuance of LOC.

Committed corporate credit facilities for NextEra and FPL aggregated to about $20.6 billion as of March 31, 2024, excluding limited recourse or non-recourse project financing arrangements. Included in that total is $4.5 billion in unsecured facilities available to FPL as loans, including $450 million available to issue letters of credit.

FPL's bank revolving line of credit facilities are also available to support the purchase of $1,319 million of pollution control, solid waste disposal and industrial development revenue bonds, as well as repayment of about $1,812 million of floating-rate notes in the event of early redemption. Credit facilities available to FPL mature over 2024-2028. In Fitch's view, FPL's debt maturities are manageable.

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.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks 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.

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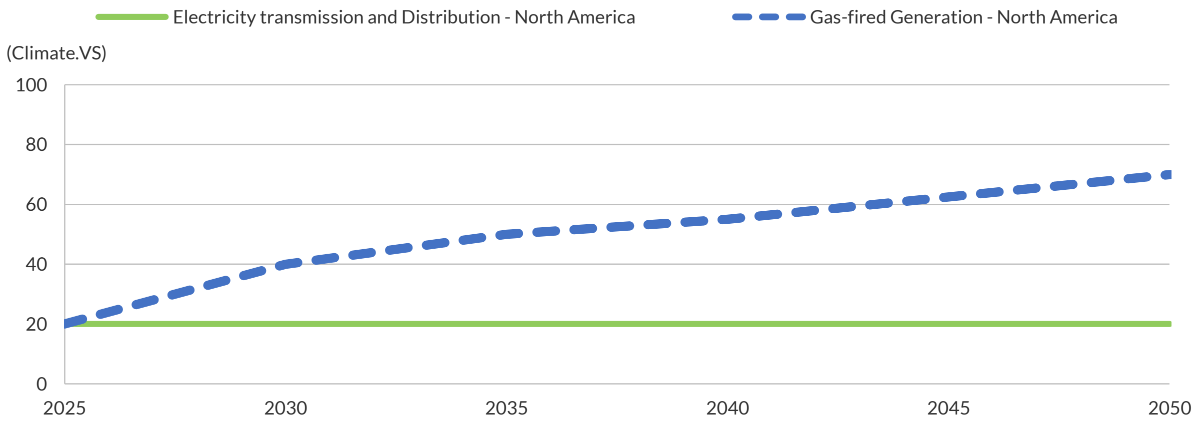
The 2022 asset-weighted Climate.VS for FPL for 2035 is 36 out of 100, based on 2022 data, suggesting low exposure to climate-related risks in that year. FPL has eliminated its exposure to coal-fired generation. It is rapidly using solar and battery storage across its service territory. As a result, the proportion of natural gas in FPL's generation mix will fall to 42% in 2033, from 73% in 2023. For further information on how we perceive climate-related risks in the utilities sector, see our *Utilities - Long -Term Climate Vulnerability Signals Update* report.

Climate.VS Evolution
As of 31 Dec, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

($ Mil.)	December 31, 2022	December 31, 2023
Total cash and cash equivalents	58	72
Short-term investments		
Less not readily available cash and cash equivalents	33	15
Fitch-defined readily available cash and cash equivalents	**25**	**57**
Availability under committed lines of credit	2,566	1,116
Total liquidity	2,591	1,173
LTM EBITDA after associates and minorities	8,155	10,535
LTM FCF	-6,301	-5,656

Source: Fitch Ratings, Fitch Solutions, FPL

Scheduled LT[a] debt maturities

(USD Mil.)	March 31, 2024
2024	846
2025	1,700
2026	661
2027	328
2028	1,992
Thereafter	18,977
Total	**24,504**

[a] Does not include outstanding commercial paper of $350 million.
Source: Fitch Ratings, Fitch Solutions, FPL

Key Assumptions

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

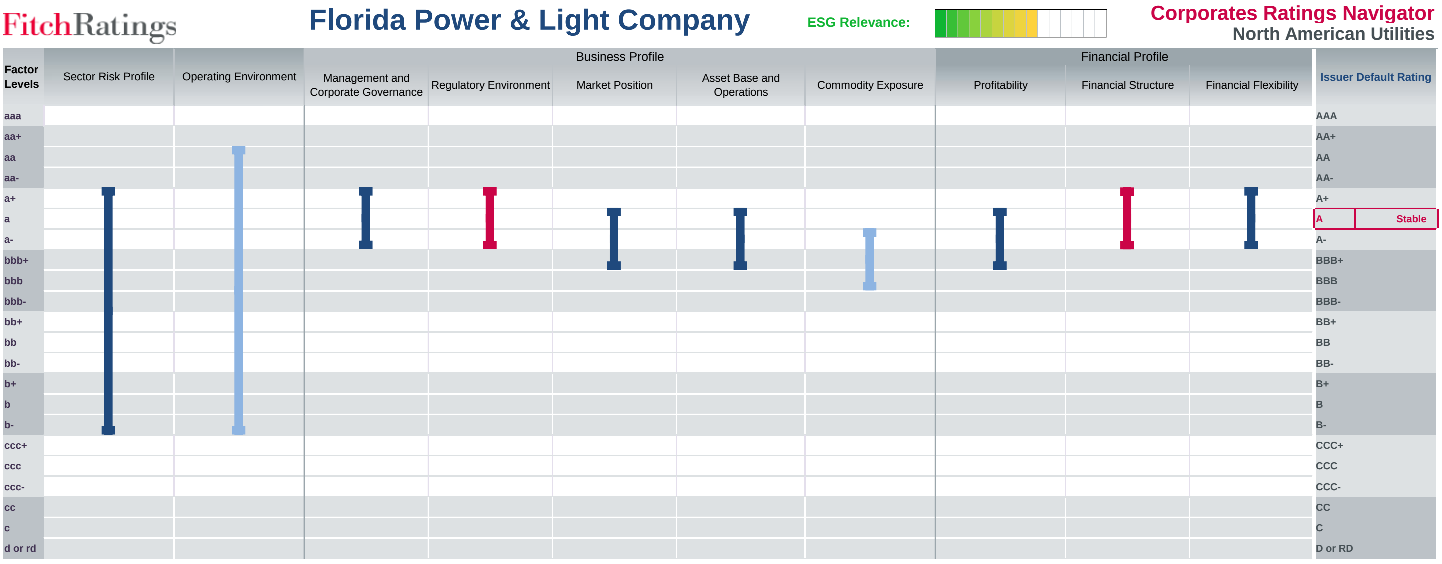
- Weather normalized sales growth of approximately 1.0% at FPL over 2024-2026;
- Rate increases for FPL per 2021 rate order and constructive outcome in the 2025 rate case with new rates effective Jan. 1, 2026;
- Continued O&M cost control at FPL;
- Interest rate assumptions at FPL at 5.5%;
- Capex of about $24 billion over 2024-2026;
- Balanced funding mix.

Financial Data

($ Mil.)	2019	2020	2021	2022	2023
Summary income statement					
Gross revenue	12,116	11,662	14,102	17,282	18,365
Revenue growth (%)	2.8	-3.7	20.9	22.6	6.3
EBITDA before income from associates	6,149	6,383	6,974	8,155	10,535
EBITDA margin (%)	50.7	54.7	49.5	47.2	57.4
EBITDA after associates and minorities	6,149	6,383	6,974	8,155	10,535
EBIT	3,532	3,981	4,543	5,293	6,595
EBIT margin (%)	29.2	34.1	32.2	30.6	35.9
Gross interest expense	-609	-616	-606	-798	-1,147
Pre-tax income including associate income/loss	2,775	3,260	4,044	4,648	5,675
Summary balance sheet					
Readily available cash and equivalents	77	20	55	25	57
Debt	15,799	17,370	20,283	23,114	28,152
Net debt	15,722	17,350	20,228	23,089	28,095
Summary cash flow statement					
EBITDA	6,149	6,383	6,974	8,155	10,535
Cash interest paid	-575	-596	-577	-706	-1,069
Cash tax	-544	-126	1	-22	-981
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—
Other items before FFO	-92	-167	-1,020	-2,184	-56
FFO	4,937	5,493	5,378	5,243	8,429
FFO margin (%)	40.8	47.1	38.1	30.3	45.9
Change in working capital	161	-121	-29	-359	-140
Cash flow from operations (CFO) (Fitch-defined)	5,098	5,372	5,349	4,884	8,289
Total non-operating/non-recurring cash flow	—	—	—	—	—
Capex	-5,755	-6,680	-7,570	-9,185	-9,400
Capital intensity (capex/revenue) (%)	47.5	57.3	53.7	53.1	51.2
Common dividends	-2,200	-2,210	-540	-2,000	-4,545
FCF	-2,857	-3,518	-2,761	-6,301	-5,656
FCF margin (%)	-23.6	-30.2	-19.6	-36.5	-30.8
Net acquisitions and divestitures	—	—	—	—	924
Other investing and financing cash flow items	-57	-8	34	-202	-104
Net debt proceeds	2,629	1,569	1,115	2,828	4,850
Net equity proceeds	250	1,900	1,700	3,625	—
Total change in cash	-35	-57	88	-50	14
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-7,955	-8,890	-8,110	-11,185	-13,021
FCF after acquisitions and divestitures	-2,857	-3,518	-2,761	-6,301	-4,732
FCF margin after net acquisitions (%)	-23.6	-30.2	-19.6	-36.5	-25.8
Gross Leverage ratios (x)					
EBITDA leverage	2.6	2.7	2.9	2.8	2.7
CFO-capex/debt	-4.2	-7.5	-10.9	-18.6	-3.9
Net Leverage ratios (x)					
EBITDA net leverage	2.6	2.7	2.9	2.8	2.7
CFO-capex/net debt	-4.2	-7.5	-11.0	-18.6	-4.0
Coverage ratios (x)					
EBITDA interest coverage	10.7	10.7	12.1	11.6	9.9

Source: Fitch Ratings, Fitch Solutions. FPL

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	☐ Stable

FitchRatings

Florida Power & Light Company

Corporates Ratings Navigator
North American Utilities

Operating Environment

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

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
A	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Regulatory Environment

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

Market Position

a+	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
A-	Customer Mix	a	Favorable customer mix.
bbb+	Geographic Location	a	Favorable location or high geographic diversity.
bbb	Supply Demand Dynamics	a	Beneficial outlook for prices/rates.

Asset Base and Operations

a+	Diversity of Assets	a	High-quality and/or large-scale diversified assets.
a	Operations Reliability and Cost Competitiveness	a	Track record of reliable, low-cost operations.
A-	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb+	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb			

Commodity Exposure

a	Ability to Pass Through Changes in Fuel	a	Complete pass-through of commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	a	Highly captive supply and customer base.
bbb			
bbb-			

Profitability

a+	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
a	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
a-			
bbb+			
bbb			

Financial Structure

aa-	EBITDA Leverage	a	3.25x
a+	FFO Leverage	a	3.5x
a			
a-			
bbb+			

Financial Flexibility

aa-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a+	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
A	FFO Interest Coverage	a	5.5x
a-			
bbb+			

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

Credit-Relevant ESG Derivation

Florida Power & Light Company has 12 ESG potential rating drivers

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

Showing top 6 issues

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

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

FitchRatings

Florida Power & Light Company

Corporates Ratings Navigator
North American Utilities

Credit-Relevant ESG Derivation

Florida Power & Light Company has 12 ESG potential rating drivers

- Florida Power & Light Company has exposure to emissions regulatory risk but this has very low impact on the rating.
- Florida Power & Light Company has exposure to energy productivity risk but this has very low impact on the rating.
- Florida Power & Light Company has exposure to waste & impact management risk but this has very low impact on the rating.
- Florida Power & Light Company has exposure to extreme weather events but this has very low impact on the rating.
- Florida Power & Light Company has exposure to access/affordability risk but this has very low impact on the rating.
- Florida Power & Light Company has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

Environmental (E) Relevance Scores

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

Social (S) Relevance Scores

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

Governance (G) Relevance Scores

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

How to Read This Page
ESG 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 ESG general issues 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 the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. 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 Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

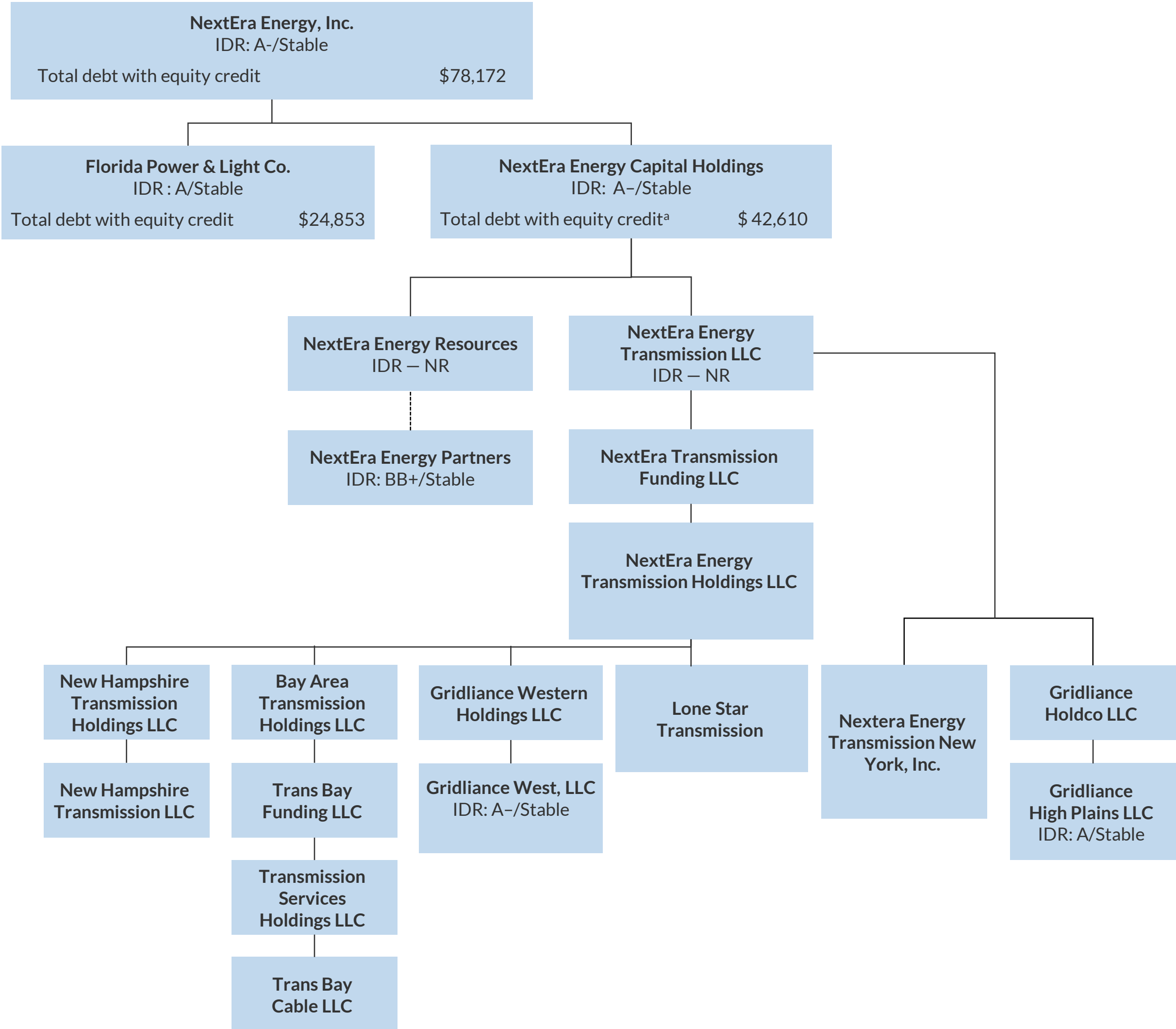
How relevant are E, S and G issues to the overall credit rating?

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

Simplified Group Structure Diagram

NextEra Group Organizational Structure

$ Mil., as of March 31, 2024



[a] 50% equity credit at NextEra Energy Capital Holdings for junior subordinated debt. NR – Not rated. Note: 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.
Source: Fitch Ratings, Fitch Solutions, NextEra Energy, Inc.

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue ($ Mil.)	FFO ($ Mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
Florida Power & Light Company	A						
	A	2023	18,365	8,429	8.9	3.0	2.7
	A	2022	17,282	5,243	8.4	3.9	2.8
	A	2021	14,102	5,378	10.3	3.4	2.9
Alabama Power Company	A						
	A	2023	7,050	2,198	6.2	4.3	3.5
	A	2022	7,817	1,941	6.5	4.7	3.6
	A	2021	6,413	2,040	7.0	4.1	3.5
Oklahoma Gas and Electric Company	A-						
	A-	2023	2,674	928	5.9	4.0	3.9
	A-	2022	3,376	990	7.2	3.5	3.6
	A-	2021	3,654	714	5.7	4.7	4.2

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

($ Mil. as of December 31, 2023)	Notes and formulas	Standardised values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		18,365	—	—	—	18,365
EBITDA	(a)	10,544	—	-9	-0	10,535
Depreciation and amortization		-3,947	—	7	0	-3,940
EBIT		6,597	—	-2	-0	6,595
Balance sheet summary						
Debt	(b)	27,903	249	—	—	28,152
Of which other off-balance sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		27,903	249	—	—	28,152
Readily available cash and equivalents	(c)	57	—	—	—	57
Not readily available cash and equivalents		15	—	—	—	15
Cash flow summary						
EBITDA	(a)	10,544	—	-9	-0	10,535
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—	—
Interest paid	(e)	-1,034	—	—	-35	-1,069
Interest received	(f)	—	—	—	—	—
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		-981	—	—	—	-981
Other items before FFO		-233	—	2	175	-56
FFO	(h)	8,296	—	-7	140	8,429
Change in working capital		—	—	—	-140	-140
CFO	(i)	8,296	—	-7	0	8,289
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-9,400	—	—	—	-9,400
Common dividends paid		-4,545	—	—	—	-4,545
FCF		-5,649	—	-7	-0	-5,656
Gross leverage (x)						
EBITDA leverage	b/(a+d)	2.7	—	—	—	2.7
(CFO-capex)/debt (%)	(i+j)/b	-3.9	—	—	—	-3.9
Net leverage (x)						
EBITDA net leverage	(b-c)/(a+d)	2.7	—	—	—	2.7
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-3.9	—	—	—	-4.0
Coverage (x)						
EBITDA interest coverage	(a+d)/(-e)	10.2	—	—	—	9.9

Note: The standardised 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.
Source: Fitch Ratings, Fitch Solutions, FPL

Parent Subsidiary Linkage Analysis

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

Access and control	Open	Porous	Insulated
With open ring-fencing	Consolidated	Consolidated+1	Consolidated+2[b]
With porous ring-fencing	Consolidated+1	Consolidated+2[b]	Consolidated+2[b]
With insulated ring-fencing	[a]	Standalone	Standalone

[a] 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.
[b] Notching is capped at the subsidiary's Standalone Credit Profile.
Source: Fitch Ratings

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