CREDIT OPINION
14 August 2024

Update

RATINGS

Florida Power & Light Company

Domicile	Juno Beach, Florida, United States
Long Term Rating	A1
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Please see the ratings section at the end of this report

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Florida Power & Light Company

Update to credit analysis

Summary

Florida Power and Light Company's (FPL, A1 stable) credit quality reflects its strong financial profile and the highly supportive Florida regulatory environment. FPL is the principal subsidiary of NextEra Energy, Inc. (NEE, Baa1 stable), one of the largest power and utility holding companies in North America. The utility's credit quality is the foundation of NEE's consolidated credit quality. FPL is the largest vertically integrated regulated utility in Florida, with 34,925 megawatts (MW) of generating capacity and almost 5.9 million customer accounts or over 12 million people across nearly half of the state.

The Florida regulatory framework has a strong track record of allowing the state's utilities to recover costs in a timely manner. The regulatory construct includes timely cost recovery mechanisms that enable FPL to generate predictable and stable cash flow and consistently maintain strong financial metrics. For the three-year period ending 30 June 2024, FPL's cash flow interest coverage ratio and ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt have averaged 9.1x and 29.5%, respectively. Its large, mainly residential service territory benefits from solid economic expansion that leads to organic sales growth and steady infrastructure investment. To meet the needs of customer and load growth and ensure service reliability and resiliency, FPL continues to make substantial capital investments in its rate base, which provides steady earnings and cash flow growth potential. FPL finances these investments in a manner that maintains the utility's regulated capital structure, including an approximate 60% equity ratio.

FPL's credit profile also considers its geographic concentration risk, as it operates solely in one state that is exposed to extreme weather events such as hurricanes and tropical storms. As we expect extreme weather events to be more severe and more frequent with climate change, credit supportive regulation remains critical going forward. At the same time, FPL's ratings are also constrained by a high level of holding company debt at its parent, NEE, which is a key driver of the three notch differential in ratings between the parent and subsidiary.

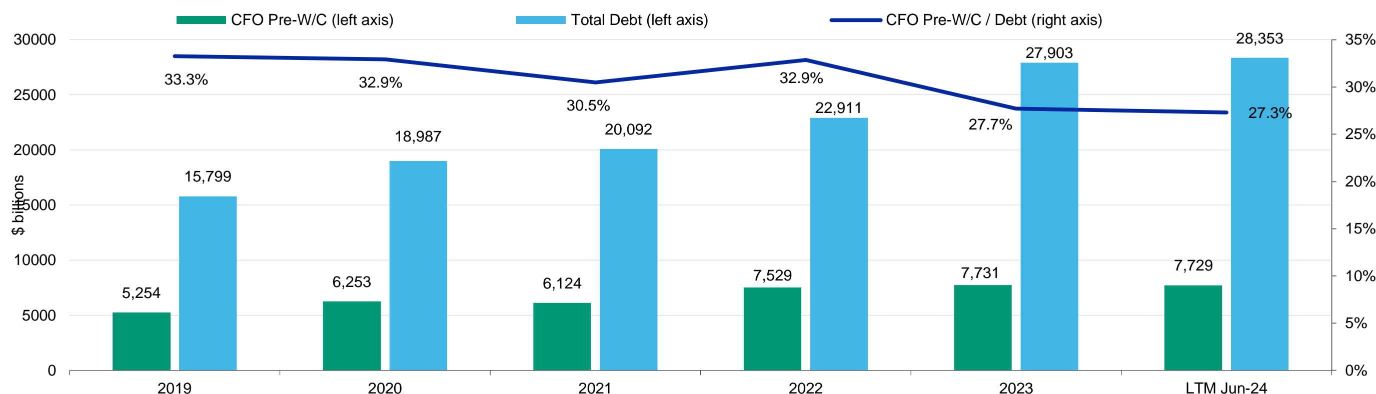
Recent developments

On 25 March, the Florida Public Service Commission (FPSC) decided to not reopen FPL's multi-year rate settlement order that it had originally approved on 27 October 2021. The decision effectively reaffirms the 2021 rate settlement in its entirety. In April 2024, certain interested parties, including Florida Rising, Inc., filed an appeal of this decision to the Florida Supreme Court. Although the appeal remains pending, we think it is unlikely that the FPSC will change its decision.

On 12 March, NEE announced that the Federal Election Commission (FEC) had notified the company that it had voted to close the complaint alleging that FPL had violated the Federal Election Campaign Act (FECA). The closing of the complaint without any violation findings is

credit positive for FPL because it alleviated some of the corporate governance risk that had resulted from multiple NEE disclosures on the matter in January 2023.

Exhibit 1
Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Credit strengths

» Consistent and credit supportive regulatory environment as evidenced by recent authorization to recover deferred fuel and 2022 hurricane costs

» Regulatory construct provides timely recovery of prudent costs and investments

» Strong financial profile with relatively stable credit metrics

» Large residential customer base enhances stability of revenues and cash flow

» Solid customer and load growth provides for rate base investment opportunities and further revenue and cash flow growth potential

Credit challenges

» Capex program, including grid hardening and renewable investments, remains elevated, requiring sizeable debt financing

» High level of parent debt constrains the rating

» Geographic concentration in a state that is prone to extreme weather event risk from tropical storms and hurricanes

» From time to time can be subject to potential pressures from Florida's political environment

Rating outlook

FPL's stable outlook reflects our expectation that the Florida regulatory framework will remain highly credit supportive, including prescriptive base rate adjustments for investments in solar generating capacity, the ability to petition for storm cost recovery outside of a base rate case, and the ability to recover storm hardening investments via a rider mechanism. The outlook incorporates FPL's robust financial profile that we expect will remain stable, such that FPL will be able to maintain strong credit metrics, including a ratio of CFO pre-W/C to debt in the 28-30% range.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Factors that could lead to upgrade

While FPL typically exhibits strong credit metrics, its rating is constrained by its geographic concentration in a state that is prone to event risk from hurricanes and tropical storms as well as its parent's high level of holding company debt, which is the key driver of the relatively wide rating differential between the two entities. Over the longer term, FPL could be upgraded in conjunction with an upgrade of NEE, and if NEE's level of holding company debt declines substantially as a percentage of consolidated debt.

Factors that could lead to downgrade

A downgrade of FPL's rating could be considered if there are significant cost disallowances, delays or other changes that would weaken Florida's credit supportive regulatory and cost recovery framework; if the political environment were to become contentious; or if there is a sustained decline in key credit metrics, such that its ratio of CFO pre-W/C to debt declines below 25%, or there is an increase in debt to capitalization above the 40% range, for an extended period. A downgrade of NEE could also result in a downgrade of FPL, due to the utility's affiliation with a weaker parent.

Key indicators

Exhibit 2
Florida Power & Light Company

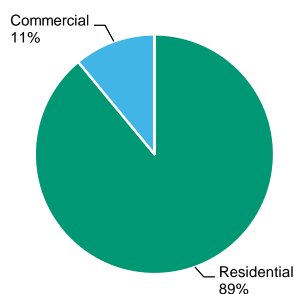
	2019	2020	2021	2022	2023	LTM Jun-24
CFO Pre-W/C + Interest / Interest	9.8x	10.8x	11.0x	10.8x	7.9x	7.7x
CFO Pre-W/C / Debt	33.3%	32.9%	30.5%	32.9%	27.7%	27.3%
CFO Pre-W/C – Dividends / Debt	19.3%	21.3%	27.8%	24.1%	11.4%	5.5%
Debt / Capitalization	37.2%	34.7%	33.0%	32.6%	37.1%	36.3%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Profile

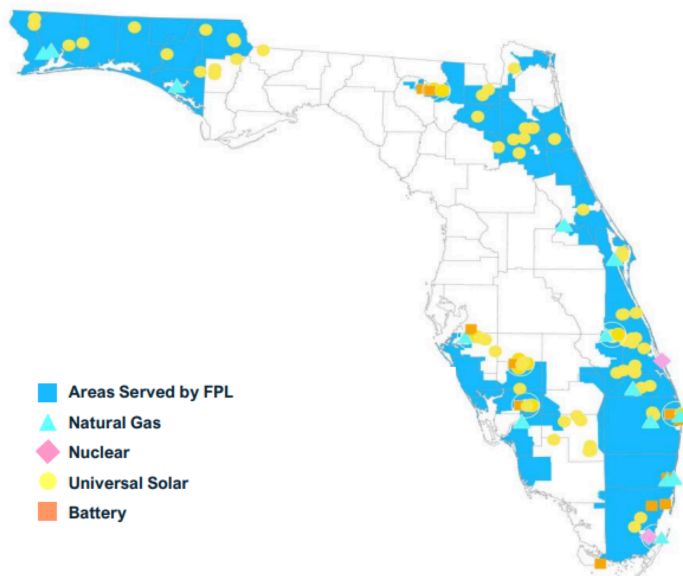
Headquartered in Juno Beach, FL, Florida Power & Light Company is one of the largest regulated electric utilities in the US and the principal subsidiary of NextEra Energy, Inc. (NEE, Baa1 stable), one of the largest power and utility holding companies globally. FPL serves 5.9 million customer accounts or an estimated 12 million residents across more than half of the state of Florida and has about 34.9 gigawatts (GW) of generation capacity. FPL typically accounts for 65-70% of NEE's consolidated EBITDA. Before Gulf Power was legally merged into FPL on 1 January 2021, NEE acquired Gulf Power from The Southern Company (Southern, Baa2 positive) in January 2019 for approximately $5.75 billion, which included $4.35 billion in cash plus the assumption of approximately $1.4 billion of debt.

Exhibit 3
FPL's customer account mix (2023)



Source: Company filings

Exhibit 4
FPL's service Territory



Source: Company filings

Detailed credit considerations

Consistent regulatory decisions provide an environment highly supportive of credit quality

The regulatory environment for investor-owned utilities in Florida remains highly credit supportive. In its last several rate proceedings, FPL has been able to achieve multiyear rate settlements which provide a high degree of rate certainty and have supported the company's credit quality. They have included timely recovery of rate base investments, including generation, and grid hardening to combat extreme weather events, while also addressing the impacts of storm restoration costs, as needed.

In March 2023, the Florida Public Service Commission (FPSC) approved FPL's January 2023 request to recover 2022 deferred fuel charges of approximately $2.1 billion over a 21-month period beginning April 2023. Since the March 2023 approval, natural gas prices have declined to levels more consistent with the commodity costs seen prior to the spike experienced in 2022. As a result, the FPSC has approved multiple mid-course corrections since then, allowing FPL to reduce the fuel charges on customer bills because of further declines in the natural gas forward curve.

Also in March 2023, the FPSC approved FPL's request to recover eligible storm costs of approximately $1.3 billion related to 2022 Hurricanes Ian and Nicole. The amount was collected through an interim surcharge over a 12-month period beginning April 2023. The amount recovered is subject to refund based on an FPSC prudence review.

On 26 October 2021, the FPSC unanimously approved FPL's multiyear rate settlement agreement, based on a forward test year, approving an up to $1.5 billion base rate revenue increase over the four-year period 2022-25. The multiyear base revenue increase included a $692 million increase on 1 January 2022 and a $560 million increase on 1 January 2023. FPL is also eligible to receive base rate increases for the addition of up to 894 megawatts annually of new solar generation through a solar base rate adjustment (SoBRA) mechanism in each of 2024 and 2025, up to $140 million each year. The multistep nature of the rate increase mitigates some of the immediate rate effect on customers. The authorized revenue increase included the majority of FPL's initial request filed by the company on 12 March 2021 for up to approximately $2 billion based on an allowed ROE of 11.5% and maintenance of its 60% equity ratio. The revenue increase supports FPL's long-term investments to upgrade its infrastructure, including for resiliency and grid hardening, in response to increasing occurrences of climate change related extreme weather events, such as hurricanes.

The settlement was premised on an allowed return on equity (ROE) of 10.6%, up from 10.55% previously, and the continuation of an equity ratio that FPL has consistently maintained at about 60%. The allowed ROE range is 9.7%-11.7%, which allows FPL to effectively earn up to an 11.7% return. The company has been able to achieve earned ROE's towards the upper end of its authorized ROE range

through strong customer and sales growth as well as continued improvements in operating efficiency. Since the settlement, beginning in September 2022, owing to the rise in US treasury rates, the FPSC approved an increase in FPL's authorized ROE range to 9.8%-11.8% with a midpoint of 10.8%.

The settlement included several key intervening parties consisting of the state's consumer advocacy group, the Florida Office of Public Counsel, the Florida Retail Federation, the Florida Industrial Power Users Group and the Southern Alliance for Clean Energy. On 25 March 2024, the FPSC issued a supplemental final order to not reopen FPL's October 2021 settlement order, which effectively reaffirmed the rate settlement in its entirety. The reaffirmation was in response to an appeal by various parties including Floridians Against Increased Rates, Inc., which led the Florida Supreme Court, in September 2023, to remand the final rate order approving the rate settlement agreement back to FPSC for reconsideration. In April 2024, certain interested parties, including Florida Rising, Inc., filed an appeal to the Florida Supreme Court. Although the appeal remains pending, we think it is unlikely that the FPSC will change its decision. See further discussion in Florida regulator reaffirms its original approval of utility's 2021 rate settlement, a credit positive.

Historically, the company has experienced few disallowances and little regulatory lag in cost recovery. For example, its fuel and capacity clauses are adjusted annually based on expected fuel and purchased power prices and for prior period differences between projected and actual costs. FPL may also recover pre-construction costs and carrying charges for construction work-in-progress for capital expenditures. Additionally, FPL has an environmental cost recovery clause that is adjusted annually for capital spending and operating expenses related to emission controls.

The settlement agreement continued to include the utility's storm cost recovery provisions, which are important in Florida where hurricanes are prevalent. The SoBRA mechanism was also retained, which provides FPL with the ability to increase base rates on a timely basis without a rate case for the addition of new solar generation assets. The revenue rate adjustment mechanism is similar to the Generation Base Rate Adjustment (GBRA) that allows for timely recovery of generation rate base investments like FPL's approximately $900 million Dania Beach power generation facility modernization project that commenced commercial operation in June 2022.

Strong financial profile expected to remain stable

FPL has a strong financial profile that supports its credit quality. The company's financial metrics are among the highest in the US regulated utilities sector because of increasing rate base growth opportunities, a conservative capital structure with a targeted equity ratio of about 60% and the company's ability to earn above average returns through continued sales growth, operating cost efficiencies and timely cost recovery. For the three-year period ending 30 June 2024, FPL's cash flow interest coverage ratio and ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt have averaged 9.1x and 29.5%, respectively. We expect FPL's financial profile to remain stable including a cash flow interest coverage ratio above 7.3x and a ratio of CFO pre-W/C to debt in the 27-30% range.

Its large, mainly residential service territory benefits from solid economic expansion that leads to organic sales growth and steady infrastructure investment. To meet the needs of customer and load growth and ensure service reliability and resiliency, FPL continues to make substantial capital investments in its rate base, which provides steady earnings and cash flow growth potential. FPL finances these investments in a manner that maintains the utility's regulated capital structure, including an approximate 60% equity ratio.

The company's debt to capitalization ratio was 36.3% at 30 June 2024, making it one of the lowest leveraged utilities in the US. At the same time, the company's pension plan is fully funded, which is not the norm for the largest utilities in the industry. FPL receives capital contributions from and distributes dividends to NEE on an as needed basis, maintaining its reported equity ratio at about 60%, which is consistent with historical levels. We expect the utility to continue to finance its capital expenditure program with a mix of long-term debt and capital contributions from the parent, which helps to limit the amount of additional leverage incurred and maintain its debt to capitalization ratio in the mid-30% range on a Moody's adjusted basis, which includes deferred income taxes.

For the 12-months ended 30 June 2024, it is worth noting the sizeable difference between FPL's ratio of CFO pre-W/C to debt of 27.3% and its ratio of retained cash flow (cash flow pre-W/C less dividends) to debt of 5.5%. This is mainly due to FPL's dividend distributions to its parent. However, not considered in the ratio of retained cash flow to debt are capital contributions received by FPL from NEE, which serve to counterbalance FPL's dividend distributions to NEE. Importantly, the sole function of all such activity is to maintain FPL's capital structure at the targeted, regulatorily approved level on an ongoing basis. When netting parent equity contributions received of

$3.4 billion for the 12-months ended 30 June 2024 against dividend distributions of $6.2 billion, FPL's ratio of RCF to debt would have been approximately 17.4%.

Capital expenditure program remains elevated primarily due to T&D resiliency and grid hardening as well as solar generation investments

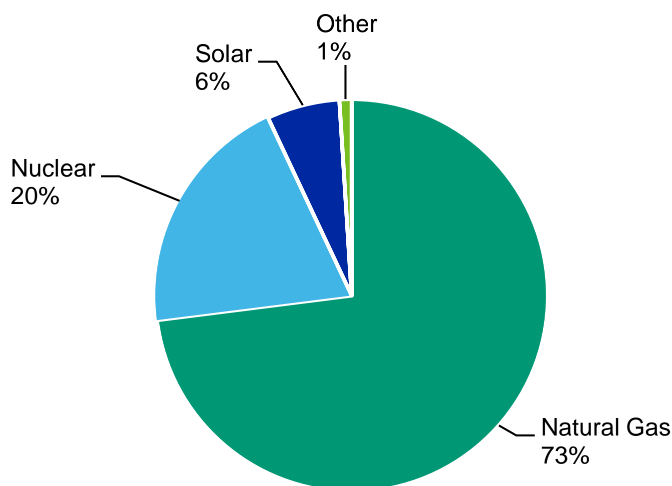
FPL is investing heavily to further strengthen its grid to ensure customer reliability and resiliency as its service territory is prone to extreme storms. In addition, the utility continues to decarbonize its generation portfolio as it pursues it Real Zero emissions target by no later than 2045. FPL's investment strategy focuses on keeping customer rates low and effectively managing the utility's carbon transition risk.

FPL plans to invest approximately $18-$19 billion through 2028 on its T&D infrastructure to support customer growth and grid hardening programs. In its 2023 Storm Protection Plan, the FPSC approved specific storm hardening grid investments of roughly $14.5 billion through 2032.

In 2023, the majority of FPL's energy was generated from natural gas (73%), with the remainder coming from nuclear (20%), solar (6%), and other (1%). FPL's minimal remaining coal exposure includes ownership of approximately 25% of Unit 3 (215 MW) at the Scherer coal facility in Georgia, expected to be retired in 2028. Through power plant modernization projects, FPL continues to increase the fuel efficiency of its natural gas power plants and is piloting hydrogen fuel at its Okeechobee natural gas power plant with the goal of using green hydrogen to further reduce carbon emissions.

Exhibit 5

FPL electricity generation capacity by fuel mix (based on MW) (2023)



Source: Company filings

FPL continues to incorporate cost effective renewables into its generation portfolio as well. As of 30 June 2024, approximately 20% of FPL's approximately 34,925 MW of generation capacity was solar and battery storage. The company expects to increase its solar capacity to 23.6 GW by the end of 2032, which would represent 35% of total generation capacity.

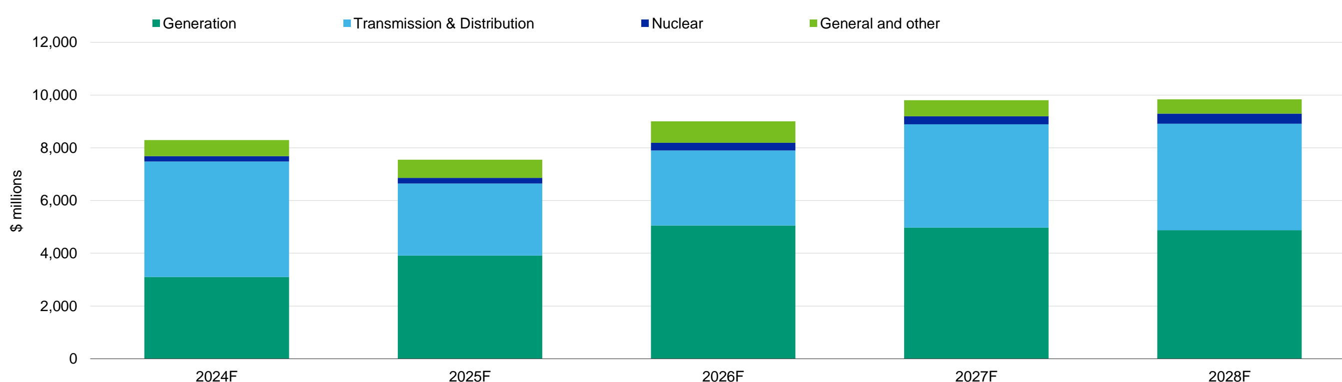
FPL continues to grow its solar generation portfolio as part of the company's “30-by-30” plan to install 30 million solar panels by 2030, which the company expects to complete by 2025. In addition, in March 2020, the FPSC unanimously approved FPL's “SolarTogether” initiative, which allows customers to source up to 100% of their energy from solar and receive monthly bill credits, net of subscription fees. The company is investing approximately $2.7 billion from 2022 - 2025 on the first phase of the SolarTogether

program. As part of its 2021 rate case settlement, FPL is authorized to implement solar base rate adjustments with the commercial operation of up to 1,788 megawatts of solar generation projects to be constructed in 2024 and 2025, subject to a cap on installed costs of $1,250 per kilowatt. The SoBra investments are expected to be roughly $2.7 billion.

FPL expects to invest approximately $43.8 billion of new capital from 2024 - 2028. About 43% of the roughly $8.8 billion, on average, of FPL's annual capital expenditures over the next few years will be used towards updating its transmission and distribution network including grid hardening and reliability investments. About 12% of the projected spending is earmarked towards modernizing its existing generation portfolio by increasing its cleaner, more fuel-efficient power generation. About 35% of the investments will go towards new generation capacity which will include natural gas as well as solar power.

Exhibit 6

FPL's elevated capital expenditures will continue to grow rate base and cash flow



Source: Company filings

Furthermore, FPL is the principal offtaker of two pipelines that became operational in June 2017: Sabal Trail (42.5% owned by NEE, 50% by Spectra Energy, 7.5% by Duke Energy) and Florida Southeast Connection (100% owned by NEE). These pipelines have helped secure the additional gas supply needed by FPL.

Support from Florida's regulatory framework during severe storms is important to credit quality

FPL's service territory is solely in the state of Florida, primarily along the coast and panhandle, which means the utility is vulnerable to severe storm related event risk. Since utilities in Florida are vulnerable to storm and hurricane activity, the regulatory framework to address costs related to extreme weather events has been an important factor supporting FPL's credit quality during storm affected years. The company can and has petitioned for recovery of storm damage costs in excess of its storm reserve that is collected through a storm surcharge. Securitization legislation for the recovery of storm-related costs is also in place in Florida, if necessary.

During 2022, FPL's service territory was impacted by Hurricane Ian in September and Hurricane Nicole in November which resulted in total recoverable storm restoration costs of approximately $1.3 billion. Prior to Hurricane Ian, FPL's storm reserve had a balance of approximately $220 million. As mentioned above, in March 2023, the FPSC approved FPL's request to begin recovering the $1.3 billion of hurricane restoration costs and storm reserve replenishment over a 12-month period beginning in April 2023, a credit positive.

In late June 2019, the governor of Florida signed Senate Bill 796 into law, which required investor-owned utilities (IOUs) to submit storm protection plans to the FPSC that detail how the IOUs will harden their grids and make them more resilient during extreme weather events like hurricanes. The law was credit positive for the state's utilities because it allows them to grow rate base through increased investments and obtain timely recovery, all in an effort to maintain customer reliability.

Following the legislation, in October 2019, the FPSC implemented a Storm Protection Plan (SPP) Cost Recovery Clause. The mechanism allows for the recovery of new transmission and distribution storm hardening investments, which includes costs for hardening of overhead transmission and distribution lines, undergrounding of certain distribution lines and vegetation management; to strengthen the electric utility infrastructure for the purposes of reducing restoration costs and outage times associated with extreme weather events not already included in base rates. This demonstrated that Florida regulators support proactive management of physical

risks arising from climate change, which is expected to cause storms to be more frequent and powerful over the long term as well as the maintenance of electric system reliability.

In April 2022, the FPSC approved FPL's last storm protection plan, consisting of investments of about $14.5 billion to upgrade its grid infrastructure from 2023-2032, including about $7 billion for undergrounding power lines. FPL is spending approximately $5-6 billion on transmission and distribution storm hardening investments from 2022 - 2025 with timely recovery through the SPP recovery mechanism and base rates. In August 2023, FPL filed a true-up to its 2022 SPP with updated spending amounts, which was later approved by the FPSC.

FPL's service territory is among the few areas nationwide that continues to exhibit significant customer and load growth, benefiting from migration into the state that has increased the number of FPL's retail customers (average number of customer accounts up roughly 1.2% in 2023). Growth in the service territory has also necessitated additional investments in the utility's infrastructure to maintain safety and reliability, and on which FPL will earn a return.

Holding company leverage remains elevated and constrains the credit profile of the entire corporate family

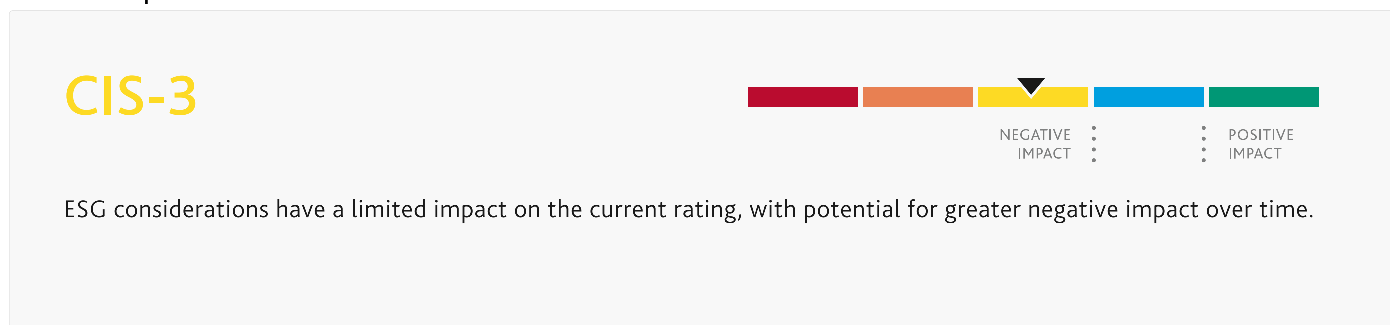
We estimate NEE's holdco debt as a percentage of consolidated debt to be about 42%, including the proportional consolidation of its ownership in NEP. Although NEE's holdco debt is down from approximately 50% at the end of 2022, the percentage of holding company debt remains one of the highest within the regulated utility sector, and is a constraint on the credit quality of the entire corporate family.

The holding company's debt includes $2 billion of debentures related to equity units issued in 2022, and another $2 billion of debentures related to equity units issued in June 2024. These securities trigger the mandatory issuance of new equity in three years from the time of issuance. As has been the case historically, we expect NEE to use the proceeds from the new equity to pay down holding company debt. When taking a forward view on the conversion of these equity units and assuming the company pays off debt with the proceeds as it has done historically with previous equity units, NEE's holdco debt would fall to approximately 40% of consolidated debt, including the proportional consolidation of its ownership in NEP. We expect NEE's percentage of holding company debt to modestly and gradually decline over time.

ESG considerations

Florida Power & Light Company's ESG credit impact score is CIS-3

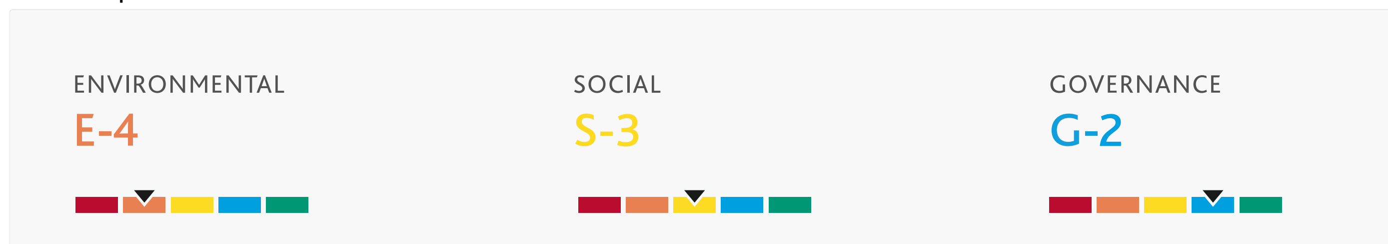
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

FPL's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Physical climate risks from a service territory prone to hurricanes and tropical storms drives the high environmental risk score. Governance risk and exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

FPL's **E-4** issuer profile score largely reflects high physical climate risks resulting from hurricanes and tropical storms in its service territory. FPL's carbon transition is not considered a material risk because it has a diverse portfolio of generation including minimal coal and growing renewable energy resources. The company's nuclear generation fleet adds risks of waste management and pollution. While FPL has not had any problems with its nuclear fleet or nuclear waste to date, it remains an inherent risk for nuclear operators in the industry.

Social

FPL's **S-3** issuer profile score considers the operation of nuclear generation which heightens the risk of responsible production, while demographics and societal trends may increase public concern over environmental, social, or affordability issues and lead to adverse regulatory or political intervention. FPL's social risks are somewhat offset by low customer rates that are below the national average, strong customer and load growth, as well as the robust and independent regulatory framework in which it operates. The regulatory framework provides strong assurance that the company will be able to recover storm costs from customers, even where these can be politically controversial.

Governance

FPL's **G-2** issuer profile score is broadly in line with other regulated utilities and does not pose a particular risk. The company's financial policy is to maintain the capital structure established in its regulatory rate construct with any dividends distributed to its parent, NextEra Energy, offset by sufficient equity injections to maintain its target capital structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Additional ESG considerations

FPL is strongly positioned for carbon transition within the utility sector because of its minimal coal exposure and substantial ownership of modernized and efficient natural gas-fired generation assets. In June 2022, parent NEE announced its Real Zero decarbonization plan with the goal to be completely carbon emissions-free by no later than 2045. NEE has reduced its carbon dioxide emissions rate for decades and, as of 2022, has achieved a 61% reduction, compared to a 2005 adjusted baseline.

FPL's limited coal exposure only relates to legacy Gulf Power's 25% share of Scherer Unit 3 (215 MW), expected to be retired in 2028, since its 50% ownership of the Daniel coal plant in Mississippi (500 MW) was retired from service in January 2024.

FPL owns approximately 24 GW of natural gas generation out of a total owned generation capacity of approximately 35 GW. FPL continues to invest in renewable energy where solar generation assets are typically included in rate base and in rates on a timely basis through the SoBRA cost recovery mechanism.

As part of NEE's Real Zero goal, FPL would accelerate the transformation of its generation mix, reaching 36% decarbonization by 2025; 52% by 2030; 62% by 2035; 83% by 2040; and culminating in 100% decarbonization by no later than 2045.

As mentioned above, FPL's regulated utility service territories are along the coasts of Florida, making it vulnerable to storm related event risk. As such, regulatory treatment to address storm costs has and will continue to be an important factor supporting the credit quality of FPL, particularly since climate change is expected to make storms more severe and more frequent. Securitization legislation

for the recovery of excessive storm-related costs is also in place in Florida, although FPL has not pursued securitization financing for storm costs in recent years. We expect FPL will have to deal with severe storm activity periodically going forward and continued favorable regulatory treatment will be important in supporting credit quality.

Liquidity analysis

FPL maintains ample liquidity through stable and strong cash flow generation and access to substantial external liquidity sources.

As of 30 June 2024, FPL had net available liquidity of about $3.9 billion, which included $58 million of cash on hand. The company has access to $6 billion of revolving bank credit facilities that also backstop its commercial paper (CP) program under which $2.1 billion was outstanding. The credit facilities also support about $1.66 billion of variable rate pollution control revenue bonds in the event the bonds are put back to the company and not remarketed.

Owing to its solid credit profile, FPL maintains strong access to the capital markets, which typically allows the utility to easily refinance its debt maturities. Commitments under the core revolver are laddered, with the vast majority terminating in 2029. FPL's credit facilities do not contain a material adverse change clause for new borrowings. The company was in compliance with the debt-to-capitalization financial covenant contained in these agreements as of 30 June 2024, which it does not disclose.

For the 12-months ended 30 June 2024, FPL generated about $8.6 billion of cash flow from operations, had approximately $9.1 billion in capital expenditures, and made distributions of $6.2 billion to NEE. The shortfall in funding cash outflows through internally generated cash flow was supplemented with short-term borrowings, long-term debt issuances of $2.9 billion and capital contributions from is parent of $3.4 billion. Going forward, we expect the company will continue to use short and long-term debt borrowings, as well as parent capital contributions, to supplement internal cash flow generation to finance its elevated capital investment program and dividend distributions. We expect any financings will be done in a balanced manner that will maintain its regulated capital structure of about 60% equity.

FPL's next debt maturities include $1.1 billion first mortgage bonds and a $200 million term loan due in April and December 2025, respectively.

Rating methodology and scorecard factors

FPL's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Physical climate risks from a service territory prone to hurricanes and tropical storms drives the high environmental risk score. Governance risk and exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 9

Methodology scorecard factors

Florida Power & Light Company

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 6/30/2024		Moody's 12-18 Month Forward View	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Aa	Aa	Aa	Aa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	A	A	A	A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	9.1x	Aaa	7.3x - 7.8x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	29.5%	A	27% - 31%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	15.8%	Baa	17% - 21%	A
d) Debt / Capitalization (3 Year Avg)	35.0%	A	33% - 37%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A1		A1
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A1		A1
b) Actual Rating Assigned		A1		A1

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 10

Peer comparison

Florida Power & Light Company

	Florida Power & Light Company A1 Stable			Alabama Power Company A1 Stable			Madison Gas and Electric Company A1 Stable			MidAmerican Energy Company A1 Stable			Duke Energy Carolinas, LLC A2 Stable		
(in $ millions)	FY Dec-22	FY Dec-23	LTM Jun-24	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-22	FY Dec-23	LTM Mar-24
Revenue	17,282	18,365	17,895	7,817	7,050	7,194	715	690	665	4,025	3,393	3,316	7,857	8,288	8,761
CFO Pre-W/C	7,529	7,731	7,729	2,157	2,453	2,476	193	226	233	2,120	1,964	1,974	2,621	3,910	3,990
Total Debt	22,911	27,903	28,353	10,647	11,258	11,306	770	825	827	7,825	8,851	9,459	15,606	16,780	17,174
CFO Pre-W/C + Interest / Interest	10.8x	7.9x	7.7x	6.6x	6.4x	6.4x	7.7x	7.5x	7.6x	8.0x	6.6x	6.3x	5.3x	6.2x	6.2x
CFO Pre-W/C / Debt	32.9%	27.7%	27.3%	20.3%	21.8%	21.9%	25.1%	27.4%	28.1%	27.1%	22.2%	20.9%	16.8%	23.3%	23.2%
CFO Pre-W/C – Dividends / Debt	24.1%	11.4%	5.5%	10.7%	11.7%	11.7%	17.9%	19.9%	20.8%	23.6%	10.6%	6.6%	16.5%	23.3%	23.2%
Debt / Capitalization	32.6%	37.1%	36.3%	40.5%	40.6%	40.0%	38.7%	38.9%	38.6%	37.4%	40.4%	42.3%	44.4%	44.2%	44.3%

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

Exhibit 11

Moody's-adjusted cash flow metrics

Florida Power & Light Company

(in $ millions)	2019	2020	2021	2022	2023	LTM Jun-24
FFO	5,311.0	6,326.0	6,398.0	7,511.0	7,931.0	7,931.0
+/- Other	(57.0)	(73.0)	(274.0)	18.0	(200.0)	(202.0)
CFO Pre-WC	5,254.0	6,253.0	6,124.0	7,529.0	7,731.0	7,729.0
+/- ΔWC	(73.0)	(437.0)	(766.0)	(2,635.0)	565.0	865.0
CFO	5,181.0	5,816.0	5,358.0	4,894.0	8,296.0	8,594.0
- Div	2,200.0	2,210.0	540.0	2,000.0	4,545.0	6,180.0
- Capex	5,755.0	7,679.0	7,570.0	9,185.0	9,400.0	9,076.0
FCF	(2,774.0)	(4,073.0)	(2,752.0)	(6,291.0)	(5,649.0)	(6,662.0)
(CFO Pre-W/C) / Debt	33.3%	32.9%	30.5%	32.9%	27.7%	27.3%
(CFO Pre-W/C - Dividends) / Debt	19.3%	21.3%	27.8%	24.1%	11.4%	5.5%
FFO / Debt	33.6%	33.3%	31.8%	32.8%	28.4%	28.0%
RCF / Debt	19.7%	21.7%	29.2%	24.1%	12.1%	6.2%
Revenue	12,192.0	13,060.0	14,102.0	17,282.0	18,365.0	17,895.0
Interest Expense	594.0	641.0	615.0	768.0	1,114.0	1,162.0
Net Income	2,233.9	2,780.7	3,077.5	3,599.4	4,099.8	4,298.9
Total Assets	57,188.0	71,001.0	78,067.0	86,559.0	91,469.0	95,055.0
Total Liabilities	35,946.0	41,773.0	44,473.0	47,639.0	52,634.0	54,117.0
Total Equity	21,242.0	29,228.0	33,594.0	38,920.0	38,835.0	40,938.0

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Ratings

Exhibit 12

Category	Moody's Rating
FLORIDA POWER & LIGHT COMPANY	
Outlook	Stable
Issuer Rating	A1
First Mortgage Bonds	Aa2
Senior Secured	Aa2
Senior Unsecured	A1
Commercial Paper	P-1
Other Short Term	VMIG 1
PARENT: NEXTERA ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured Shelf	(P)Baa1
Jr Subordinate Shelf	(P)Baa2
Pref. Shelf	(P)Baa3

Source: Moody's Ratings

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