FLORIDA POWER & LIGHT CO
Form 10-Q
May 04, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	NEXTERA ENERGY, INC.	59-2449419
2-27612	FLORIDA POWER & LIGHT COMPANY 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

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

NextEra Energy, Inc. Yes þ No ¨ Florida Power & Light Company Yes þ No ¨

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

NextEra Energy, Inc. Yes þ No ¨ Florida Power & Light Company Yes ¨ No ¨

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer þ	Accelerated Filer ¨	Non-Accelerated Filer ¨	Smaller Reporting Company ¨
Florida Power & Light Company	Large Accelerated Filer ¨	Accelerated Filer ¨	Non-Accelerated Filer þ	Smaller Reporting Company ¨

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

The number of shares outstanding of NextEra Energy, Inc. common stock, as of the latest practicable date: Common Stock, $0.01 par value, outstanding as of March 31, 2011: 421,960,217 shares.

As of March 31, 2011, there were issued and outstanding 1,000 shares of Florida Power & Light Company common stock, without par value, all of which were held, beneficially and of record, by NextEra Energy, Inc.

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

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

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NextEra Energy, Inc., Florida Power & Light Company, NextEra Energy Capital Holdings, Inc. and NextEra Energy Resources, LLC each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, FPL Group Capital, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NextEra Energy, FPL, Capital Holdings and NextEra Energy Resources are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

FORWARD-LOOKING STATEMENTS

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

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NextEra Energy's and FPL's financial results may be adversely affected by the extensive regulation of their businesses.

- NextEra Energy's and FPL's financial results could be negatively affected if they or their rate-regulated businesses are unable to recover, in a timely manner, certain costs, a return on certain assets or an appropriate return on capital from customers through regulated rates and, in the case of FPL, cost recovery clauses.

- NextEra Energy and FPL are subject to federal regulatory compliance and proceedings which have significant compliance costs and expose them to substantial monetary penalties and other sanctions.

- NextEra Energy and FPL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.

- NextEra Energy's and FPL's businesses are subject to risks associated with legislative and regulatory initiatives.

- NextEra Energy and FPL are subject to numerous environmental laws and regulations that require capital expenditures, increase their cost of operations and may expose them to liabilities.

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

- The construction, operation and maintenance of nuclear generation facilities involve risks that could result in fines or the closure of nuclear generation facilities owned by NextEra Energy or FPL and in increased costs and capital expenditures.

- NextEra Energy’s and FPL’s operating results could suffer if they do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, generation, transmission, distribution or other facilities on schedule or within budget.

- The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the financial results of NextEra Energy and FPL.

- NextEra Energy and FPL are subject to operating risks associated with their natural gas and oil storage and pipeline infrastructure, and the use of such fuels in their generation facilities.

- NextEra Energy’s competitive energy business is subject to development and operating risks that could limit the revenue growth of this business and have other negative effects on NextEra Energy’s financial results.

- NextEra Energy’s competitive energy business is dependent on continued public policy support and governmental support for renewable energy, particularly wind and solar projects.

- NextEra Energy and FPL are subject to credit and performance risk from customers, counterparties and vendors.

- NextEra Energy’s and FPL’s financial results may continue to be negatively affected by slower customer growth and customer usage.

- NextEra Energy’s and FPL’s financial results are subject to risks associated with weather conditions, such as the impact of severe weather.

- Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NextEra Energy’s and FPL’s ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely affect the results of operations and financial condition of NextEra Energy and FPL and exert downward pressure on the market price of NextEra Energy’s common stock.

- NextEra Energy’s, NextEra Energy Capital Holdings, Inc.'s (Capital Holdings) and FPL’s inability to maintain their current credit ratings may adversely affect NextEra Energy’s and FPL’s liquidity, limit the ability of NextEra Energy and FPL to grow their businesses, and increase interest costs, while the liquidity of the companies also could be impaired by the inability of their credit providers to maintain their current credit ratings or to fund their credit commitments.

- The use of derivative contracts by NextEra Energy and FPL in the normal course of business could result in financial losses or the payment of margin cash collateral that could adversely affect their financial results and liquidity.

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NextEra Energy's and FPL's financial results and liquidity could be materially adversely affected if the rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) broaden the scope of its provisions regarding the regulation of over-the-counter (OTC) financial derivatives and make them applicable to NextEra Energy and FPL.

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

- NextEra Energy may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NextEra Energy or if NextEra Energy is required to perform under guarantees of obligations of its subsidiaries.

- Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect NextEra Energy's and FPL's financial results, financial condition and liquidity.

- NextEra Energy's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to their reputation and/or the financial results of the retail businesses.

- A failure in NextEra Energy's and FPL's operational systems or infrastructure, or those of third parties, could impair their liquidity, disrupt their businesses, result in the disclosure of confidential information and adversely affect their financial results.

- Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NextEra Energy's and FPL's businesses, or the businesses of third parties, may impact the operations of NextEra Energy and FPL in unpredictable ways and could adversely affect NextEra Energy's and FPL's financial results and liquidity.

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

- The businesses and financial results of NextEra Energy and FPL could be negatively affected by the lack of a qualified workforce, work strikes or stoppages and increasing personnel costs.

- Poor market performance and other economic factors could affect NextEra Energy’s and FPL’s nuclear decommissioning funds’ asset value or defined benefit pension plan’s funded status, which may adversely affect NextEra Energy’s and FPL’s liquidity and financial results.

- Increasing costs associated with health care plans may adversely affect NextEra Energy's and FPL's financial results.

These factors should be read together with the risk factors included in Part I, Item 1A. Risk Factors in NextEra Energy's and FPL's Annual Report on Form 10-K for the year ended December 31, 2010 (2010 Form 10-K) and Part II, Item 1A. Risk Factors in this combined Form 10-Q, and investors should refer to those sections of the 2010 Form 10-K and this combined Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made, and NextEra Energy and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

Website Access to U.S. Securities and Exchange Commission (SEC) Filings. NextEra Energy and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NextEra Energy's internet website, www.nexteraenergy.com, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information on NextEra Energy's website (or any of its subsidiaries' websites) is not incorporated by reference in this combined Form 10-Q. The SEC maintains an internet website at www.sec.gov that contains reports, proxy statements and other information about NextEra Energy and FPL filed electronically with the SEC.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
OPERATING REVENUES	$3,134	$3,622
OPERATING EXPENSES		
Fuel, purchased power and interchange	1,404	1,349
Other operations and maintenance	693	659
Depreciation and amortization	331	414
Taxes other than income taxes and other	278	261
Total operating expenses	2,706	2,683
OPERATING INCOME	428	939
OTHER INCOME (DEDUCTIONS)		
Interest expense	(254)	(238)
Equity in earnings of equity method investees	10	7
Allowance for equity funds used during construction	12	7
Interest income	21	18
Gains on disposal of assets - net	17	39
Other - net	2	(2)
Total other deductions - net	(192)	(169)
INCOME BEFORE INCOME TAXES	236	770
INCOME TAXES	(32)	214
NET INCOME	$268	$556
Earnings per share of common stock:		
Basic	$0.64	$1.36
Assuming dilution	$0.64	$1.36
Dividends per share of common stock	$0.55	$0.50
Weighted-average number of common shares outstanding:		
Basic	415.8	407.5

Assuming dilution	418.4	410.1

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements (Notes) herein and the Notes to Consolidated Financial Statements appearing in the 2010 Form 10-K for NextEra Energy and FPL.

NEXTERA ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	March 31, 2011	December 31, 2010
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$49,208	$ 48,841
Nuclear fuel	1,586	1,539
Construction work in progress	4,511	3,841
Less accumulated depreciation and amortization	(15,368)	(15,146)
Total property, plant and equipment - net ($2,375 and $2,398 related to VIEs, respectively)	39,937	39,075
CURRENT ASSETS		
Cash and cash equivalents	425	302
Customer receivables, net of allowances of $10 and $20, respectively	1,285	1,509
Other receivables	717	1,073
Materials, supplies and fossil fuel inventory	875	857
Regulatory assets:		
Deferred clause and franchise expenses	266	368
Derivatives	158	236
Other	82	82
Derivatives	418	506
Other	293	325
Total current assets	4,519	5,258
OTHER ASSETS		
Special use funds	3,887	3,742
Other investments	931	971
Prepaid benefit costs	1,278	1,259
Regulatory assets:		
Securitized storm-recovery costs ($349 and $356 related to a VIE, respectively)	567	581
Other	407	329
Other	1,731	1,779
Total other assets	8,801	8,661
TOTAL ASSETS	$53,257	$ 52,994
CAPITALIZATION		
Common stock	$4	$ 4
Additional paid-in capital	5,481	5,418
Retained earnings	8,912	8,873
Accumulated other comprehensive income	202	166
Total common shareholders' equity	14,599	14,461
Long-term debt ($1,287 and $1,338 related to VIEs, respectively)	18,288	18,013
Total capitalization	32,887	32,474

CURRENT LIABILITIES		
Commercial paper	1,378	889
Current maturities of long-term debt	1,588	1,920
Accounts payable	1,075	1,124
Customer deposits	637	634
Accrued interest and taxes	487	462
Regulatory liabilities:		
Deferred clause and franchise revenues	40	47
Other	2	4
Derivatives	467	536
Accrued construction-related expenditures	255	371
Other	810	917
Total current liabilities	6,739	6,904
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,582	1,639
Accumulated deferred income taxes	5,157	5,109
Regulatory liabilities:		
Accrued asset removal costs	2,198	2,244
Asset retirement obligation regulatory expense difference	1,657	1,592
Other	451	423
Derivatives	226	243
Deferral related to differential membership interests - VIEs	940	949
Other	1,420	1,417
Total other liabilities and deferred credits	13,631	13,616
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$53,257	$ 52,994

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2010 Form 10-K for NextEra Energy and FPL.

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

	Three Months Ended March 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$268	$556
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	331	414
Nuclear fuel amortization	71	72
Unrealized (gains) losses on marked to market energy contracts	231	(324)
Deferred income taxes	9	270
Cost recovery clauses and franchise fees	61	(392)
Changes in prepaid option premiums and derivative settlements	11	164
Equity in earnings of equity method investees	(10)	(7)
Distributions of earnings from equity method investees	23	-
Allowance for equity funds used during construction	(12)	(7)
Gains on disposal of assets - net	(17)	(39)
Changes in operating assets and liabilities:		
Customer receivables	229	257
Other receivables	21	(6)
Materials, supplies and fossil fuel inventory	(18)	26
Other current assets	-	(12)
Other assets	(36)	(30)
Accounts payable	(105)	(22)
Customer deposits	3	15
Margin cash collateral	(25)	16
Income taxes	(43)	(75)
Interest and other taxes	61	16
Other current liabilities	(71)	(40)
Other liabilities	6	9
Other - net	(5)	35
Net cash provided by operating activities	983	896
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(658)	(794)
Independent power and other investments of NextEra Energy Resources	(633)	(567)
Cash grants under the American Recovery and Reinvestment Act of 2009	377	99
Nuclear fuel purchases	(47)	(37)
Other capital expenditures	(106)	(15)
Proceeds from sale or maturity of securities in special use funds	1,347	2,563
Purchases of securities in special use funds	(1,367)	(2,600)
Proceeds from sale or maturity of other securities	154	244
Purchases of other securities	(177)	(253)
Other - net	33	(1)

Net cash used in investing activities	(1,077)	(1,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	201	800
Retirements of long-term debt	(252)	(102)
Net change in short-term debt	488	916
Issuances of common stock - net	18	12
Dividends on common stock	(229)	(204)
Other - net	(9)	20
Net cash provided by financing activities	217	1,442
Net increase in cash and cash equivalents	123	977
Cash and cash equivalents at beginning of period	302	238
Cash and cash equivalents at end of period	$425	$1,215
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	$499	$571

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2010 Form 10-K for NextEra Energy and FPL.

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
OPERATING REVENUES	$2,246	$2,328
OPERATING EXPENSES		
Fuel, purchased power and interchange	1,071	1,107
Other operations and maintenance	374	373
Depreciation and amortization	142	229
Taxes other than income taxes and other	253	226
Total operating expenses	1,840	1,935
OPERATING INCOME	406	393
OTHER INCOME (DEDUCTIONS)		
Interest expense	(91)	(87)
Allowance for equity funds used during construction	11	7
Other - net	-	(1)
Total other deductions - net	(80)	(81)
INCOME BEFORE INCOME TAXES	326	312
INCOME TAXES	121	121
NET INCOME	$205	$191

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2010 Form 10-K for NextEra Energy and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	March 31, 2011	December 31, 2010
ELECTRIC UTILITY PLANT		
Plant in service	$29,729	$ 29,519
Nuclear fuel	794	729
Construction work in progress	2,460	2,175
Less accumulated depreciation and amortization	(10,931)	(10,871)
Electric utility plant - net	22,052	21,552
CURRENT ASSETS		
Cash and cash equivalents	21	20
Customer receivables, net of allowances of $10 and $17, respectively	574	710
Other receivables	311	395
Materials, supplies and fossil fuel inventory	527	505
Regulatory assets:		
Deferred clause and franchise expenses	266	368
Derivatives	158	236
Other	76	76
Other	129	145
Total current assets	2,062	2,455
OTHER ASSETS		
Special use funds	2,722	2,637
Prepaid benefit costs	1,048	1,035
Regulatory assets:		
Securitized storm-recovery costs ($349 and $356 related to a VIE, respectively)	567	581
Other	372	293
Other	161	145
Total other assets	4,870	4,691
TOTAL ASSETS	$28,984	$ 28,698
CAPITALIZATION		
Common stock	$1,373	$ 1,373
Additional paid-in capital	5,054	5,054
Retained earnings	3,150	3,364
Total common shareholder's equity	9,577	9,791
Long-term debt ($460 and $486 related to a VIE, respectively)	6,657	6,682
Total capitalization	16,234	16,473
CURRENT LIABILITIES		
Commercial paper	431	101
Current maturities of long-term debt	48	45
Accounts payable	569	554

Customer deposits	631	628
Accrued interest and taxes	317	311
Regulatory liabilities - deferred clause and franchise revenues	40	47
Derivatives	167	245
Accrued construction-related expenditures	168	183
Other	347	394
Total current liabilities	2,718	2,508
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,097	1,083
Accumulated deferred income taxes	4,083	3,835
Regulatory liabilities:		
Accrued asset removal costs	2,198	2,244
Asset retirement obligation regulatory expense difference	1,657	1,592
Other	413	377
Other	584	586
Total other liabilities and deferred credits	10,032	9,717
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$28,984	$ 28,698

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2010 Form 10-K for NextEra Energy and FPL.

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

	Three Months Ended March 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$205	$191
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	142	229
Nuclear fuel amortization	34	36
Deferred income taxes	220	123
Cost recovery clauses and franchise fees	61	(392)
Allowance for equity funds used during construction	(11)	(7)
Changes in operating assets and liabilities:		
Customer receivables	136	192
Other receivables	33	18
Materials, supplies and fossil fuel inventory	(22)	12
Other current assets	(6)	(14)
Other assets	(15)	(27)
Accounts payable	(47)	2
Customer deposits	2	14
Income taxes	(132)	(68)
Interest and other taxes	73	53
Other current liabilities	(27)	(25)
Other liabilities	(1)	21
Other - net	(13)	31
Net cash provided by operating activities	632	389
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(658)	(794)
Cash grants under the American Recovery and Reinvestment Act of 2009	154	44
Nuclear fuel purchases	(36)	(7)
Proceeds from sale or maturity of securities in special use funds	964	2,199
Purchases of securities in special use funds	(978)	(2,230)
Other - net	-	1
Net cash used in investing activities	(554)	(787)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	-	499
Retirements of long-term debt	(24)	(22)
Net change in short-term debt	330	426
Dividends	(400)	-
Other - net	17	2
Net cash provided by (used in) financing activities	(77)	905

Net increase in cash and cash equivalents	1	507
Cash and cash equivalents at beginning of period	20	83
Cash and cash equivalents at end of period	$21	$590
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	$331	$285

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2010 Form 10-K for NextEra Energy and FPL.

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

The accompanying condensed consolidated financial statements should be read in conjunction with the 2010 Form 10-K for NextEra Energy and FPL. In the opinion of NextEra Energy and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Employee Retirement Benefits

NextEra Energy sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NextEra Energy and its subsidiaries and has a supplemental executive retirement plan, which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees (collectively, pension benefits). In addition to pension benefits, NextEra Energy sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of NextEra Energy and its subsidiaries meeting certain eligibility requirements.

The components of net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits Three Months Ended March 31,		Other Benefits Three Months Ended March 31,	
	2011	2010	2011	2010
	(millions)			
Service cost	$16	$15	$2	$1
Interest cost	25	26	5	6
Expected return on plan assets	(60)	(60)	(1)	(1)
Amortization of transition obligation	-	-	1	1
Amortization of prior service benefit	(1)	(1)	-	-
Net periodic benefit (income) cost at NextEra Energy	$(20)	$(20)	$7	$7
Net periodic benefit (income) cost at FPL	$(13)	$(14)	$5	$6

2. Derivative Instruments

NextEra Energy and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with outstanding and forecasted debt issuances, and to optimize the value of NextEra Energy Resources, LLC's (NextEra Energy Resources) power generation assets.

With respect to commodities related to NextEra Energy's competitive energy business, NextEra Energy Resources employs risk management procedures to conduct its activities related to optimizing the value of its power generation assets, providing full energy and capacity requirements services primarily to distribution utilities, and engaging in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the OTC markets, depending on the most favorable credit terms and market execution factors. For NextEra Energy Resources' power generation assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge all or a portion of the expected energy output of these assets. These hedges protect NextEra Energy Resources against adverse changes in the wholesale forward commodity markets associated with its generation assets. With regard to full energy and capacity requirements services, NextEra Energy Resources is required to vary the quantity of energy and related services based on the load demands of the customer served by the distribution utility. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and protect against unfavorable changes in the forward energy markets. Additionally, NextEra Energy Resources takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions. NextEra Energy Resources uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NextEra Energy's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause) or the capacity cost recovery clause (capacity clause). For NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, unless hedge accounting is applied, essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized on a net basis in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NextEra Energy's condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NextEra Energy's and FPL's condensed consolidated statements of cash flows.

While most of NextEra Energy's derivatives are entered into for the purpose of managing commodity price risk, reducing the impact of volatility in interest rates on outstanding and forecasted debt issuances and managing foreign currency risk, hedge accounting is only applied where specific criteria are met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and it must be highly effective in offsetting the hedged risk. Additionally, for hedges of forecasted transactions, the forecasted transactions must be probable. For commodity derivatives, NextEra Energy Resources believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. For interest rate swaps and foreign currency derivative instruments, generally NextEra Energy assesses a hedging instrument's effectiveness by using nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income (OCI) and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings. See Note 6. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period. At March 31, 2011, NextEra Energy's accumulated other comprehensive income (AOCI) included amounts related to discontinued commodity cash flow hedges with expiration dates through December 2012; interest rate cash flow hedges with expiration dates through September 2028; and foreign currency cash flow hedges with expiration dates through September 2030.

The net fair values of NextEra Energy's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the condensed consolidated balance sheets as follows:

	NextEra Energy		FPL	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	(millions)			
Current derivative assets(a)	$ 418	$ 506	$ 9(b)	$ 8(b)
Noncurrent other assets(c)	470	589	12	1
Current derivative liabilities(d)	(467)	(536)	(167)	(245)
Noncurrent derivative liabilities(e)	(226)	(243)	-	-
	$ 195	$ 316	$ (146)	$ (236)

Total mark-to-market derivative instrument assets (liabilities)	

(a) At March 31, 2011 and December 31, 2010, NextEra Energy's balances reflect the netting of approximately $29 million and $23 million (none at FPL), respectively, in margin cash collateral received from counterparties.
(b) Included in current other assets on FPL's condensed consolidated balance sheets.
(c) At March 31, 2011 and December 31, 2010, NextEra Energy's balances reflect the netting of approximately $8 million and $43 million (none at FPL), respectively, in margin cash collateral received from counterparties.
(d) At March 31, 2011 and December 31, 2010, NextEra Energy's balances reflect the netting of approximately $13 million and $23 million (none at FPL), respectively, in margin cash collateral provided to counterparties.
(e) At March 31, 2011 and December 31, 2010, NextEra Energy's balances reflect the netting of approximately $87 million and $72 million (none at FPL), respectively, in margin cash collateral provided to counterparties.

At March 31, 2011 and December 31, 2010, NextEra Energy had approximately $13 million and $7 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets. These amounts are included in other current liabilities in the condensed consolidated balance sheets. Additionally, at March 31, 2011 and December 31, 2010, NextEra Energy had approximately $56 million and $58 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative liabilities. These amounts are included in other current assets in the condensed consolidated balance sheets.

As discussed above, NextEra Energy uses derivative instruments to, among other things, manage its commodity price risk, interest rate risk and foreign currency exchange rate risk. The table above presents NextEra Energy's and FPL's net derivative positions at March 31, 2011 and December 31, 2010, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral. However, disclosure rules require that the following tables be presented on a gross basis.

The fair values of NextEra Energy's derivatives designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules.

	March 31, 2011		December 31, 2010	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)			
Interest rate swaps:				
Current derivative assets	$13	$-	$16	$-
Current derivative liabilities	-	72	-	64
Noncurrent other assets	108	-	91	-
Noncurrent derivative liabilities	-	51	-	59
Foreign currency swaps:				
Current derivative assets	19	-	24	-
Current derivative liabilities	-	3	-	4
Noncurrent other assets	2	-	11	-
Total	$142	$126	$142	$127

Gains (losses) related to NextEra Energy's cash flow hedges are recorded on NextEra Energy's condensed consolidated financial statements (none at FPL) as follows:

	Three Months Ended March 31, 2011				Three Months Ended March 31, 2010			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swaps	Total	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total
	(millions)							
Gains (losses) recognized in OCI	$ -	$ 1	$ (16)	$ (15)	$ 20	$ (34)	$ (4)	$ (18)
Gains (losses) reclassified from AOCI to net income	$ 5(a)	$ (19)(b)	$ (11)(c)	$ (25)	$ 36(a)	$ (17)(b)	$ (2)(c)	$ 17
Gains (losses) recognized in income(d)	$ -	$ -	$ -	$ -	$ 1(a)	$ -	$ -	$ 1

(a) Included in operating revenues.
(b) Included in interest expense.
(c) Loss of approximately $1 million is included in interest expense and the balance is included in other - net.
(d) Represents the ineffective portion of the hedging instrument.

For the three months ended March 31, 2011, NextEra Energy recorded a loss of approximately $6 million on three fair value hedges which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding reduction in the related debt. For the three months ended March 31, 2010, NextEra Energy recorded a loss of less than $1 million on a fair value hedge which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding reduction in the related debt.

The fair values of NextEra Energy's and FPL's derivatives not designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	March 31, 2011				December 31, 2010			
	NextEra Energy		FPL		NextEra Energy		FPL	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)							
Commodity contracts:								
Current derivative assets	$ 741	$ 334	$ 15(a)	$ 6(a)	$ 754	$ 278	$ 9(a)	$ 1(a)
Current derivative liabilities	1,630	2,035	21	188	1,848	2,339	12	257
Noncurrent other assets	520	152	12	-	687	157	1	-
Noncurrent derivative liabilities	857	1,119	-	-	828	1,084	-	-
Foreign currency swap:								
Current derivative assets	8	-	-	-	13	-	-	-
Total	$ 3,756	$ 3,640	$ 48	$ 194	$ 4,130	$ 3,858	$ 22	$ 258

(a) Included in current other assets on FPL's condensed consolidated balance sheets.

Gains (losses) related to NextEra Energy's derivatives not designated as hedging instruments are recorded on NextEra Energy's condensed consolidated statements of income (none at FPL) as follows:

	Three Months Ended March 31,	
	2011	2010
	(millions)	
Commodity contracts:		
Operating revenues	$ (152)(a)	$ 269(a)
Fuel, purchased power and interchange	(25)	68
Foreign currency swap:		
Other - net	(5)	(2)
Total	$ (182)	$ 335

(a) In addition, for the three months ended March 31, 2011 and 2010, FPL recorded less than $1 million and approximately $454 million of losses, respectively, related to commodity contracts as regulatory assets on its condensed consolidated balance sheets.

The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NextEra Energy's and FPL's condensed consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. The table does not present a complete picture of NextEra Energy's and FPL's overall net economic exposure because NextEra Energy and FPL do not use derivative instruments to hedge all of their commodity exposures. At March 31, 2011, NextEra Energy and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	NextEra Energy		FPL
	(millions)		
Power	(72)	mwh(a)	-
Natural gas	1,053	mmbtu(b)	793 mmbtu(b)
Oil	-		2 barrels

(a) Megawatt-hours
(b) One million British thermal units

At March 31, 2011, NextEra Energy had 23 interest rate swaps with a notional amount totaling approximately $4.2 billion and three foreign currency swaps with a notional amount totaling approximately $408 million.

Certain of NextEra Energy's and FPL's derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At March 31, 2011, the aggregate fair value of NextEra Energy's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $1.5 billion ($0.2 billion for FPL).

If the credit-risk-related contingent features underlying these agreements and other commodity-related contracts were triggered, NextEra Energy or FPL could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and Capital Holdings' credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for Capital Holdings from the current lowest applicable rating), NextEra Energy would be required to post collateral such that the total posted collateral would be approximately $300 million ($50 million at FPL). If FPL's and Capital Holdings' credit ratings were downgraded to below investment grade, NextEra Energy would be required to post additional collateral such that the total posted collateral would be approximately $2.0 billion ($0.6 billion at FPL). Some contracts at NextEra Energy, including some FPL contracts, do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, NextEra Energy could be required to post additional collateral of up to approximately $600 million ($100 million at FPL).

Collateral may be posted in the form of cash or credit support. At March 31, 2011, NextEra Energy had posted approximately $130 million (none at FPL) in the form of letters of credit, related to derivatives, in the normal course of business which could be applied toward the collateral requirements described above. FPL and Capital Holdings have bank revolving line of credit facilities in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the bank revolving line of credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

3. Fair Value Measurements

NextEra Energy and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NextEra Energy's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels. Non-performance risk is also considered in the determination of fair value for all assets and liabilities measured at fair value, including the consideration of a credit valuation adjustment.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NextEra Energy and FPL primarily hold investments in money market funds. The fair value of these funds is calculated using current market prices.

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

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

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

NextEra Energy and FPL also enter into OTC commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts. In instances where the reference exchange markets are deemed to be inactive or do not have a similar contract that trades on an exchange, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points.

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

In all cases where NextEra Energy and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes, but is not limited to, assumptions about market liquidity, volatility and contract duration.

NextEra Energy uses interest rate and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain outstanding and forecasted debt issuances and borrowings. NextEra Energy estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the swap agreements.

NextEra Energy's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	March 31, 2011				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting(a)	Total
			(millions)		
Assets:					
Cash equivalents:					
NextEra Energy - equity securities	$ -	$ 231	$ -	$ -	$ 231
Special use funds:					
NextEra Energy:					
Equity securities	$ 784	$ 1,280(b)	$ -	$ -	$ 2,064
U.S. Government and municipal bonds	$ 508	$ 145	$ -	$ -	$ 653
Corporate debt securities	$ -	$ 485	$ -	$ -	$ 485
Mortgage-backed securities	$ -	$ 459	$ -	$ -	$ 459
Other debt securities	$ -	$ 126	$ -	$ -	$ 126
FPL:					
Equity securities	$ 134	$ 1,126(b)	$ -	$ -	$ 1,260
U.S. Government and municipal bonds	$ 444	$ 131	$ -	$ -	$ 575
Corporate debt securities	$ -	$ 335	$ -	$ -	$ 335
Mortgage-backed securities	$ -	$ 393	$ -	$ -	$ 393
Other debt securities	$ -	$ 49	$ -	$ -	$ 49
Other investments:					
NextEra Energy:					
Equity securities	$ 3	$ 1	$ -	$ -	$ 4
U.S. Government and municipal bonds	$ 15	$ 2	$ -	$ -	$ 17
Corporate debt securities	$ -	$ 39	$ -	$ -	$ 39
Mortgage-backed securities	$ -	$ 29	$ -	$ -	$ 29
Other	$ 5	$ 8	$ -	$ -	$ 13
Derivatives:					
NextEra Energy:					
Commodity contracts	$ 1,560	$ 1,443	$ 745	$ (3,010)	$ 738(c)
Interest rate swaps	$ -	$ 121	$ -	$ -	$ 121(c)
Foreign currency swaps	$ -	$ 29	$ -	$ -	$ 29(c)
FPL - commodity contracts	$ -	$ 41	$ 7	$ (27)	$ 21(c)
Liabilities:					
Derivatives:					
NextEra Energy:					
Commodity contracts	$ 1,591	$ 1,408	$ 641	$ (3,073)	$ 567(c)
Interest rate swaps	$ -	$ 123	$ -	$ -	$ 123(c)

Foreign currency swaps	$	-	$	3	$	-	$	-	$	3(c)
FPL - commodity contracts	$	-	$	192	$	2	$	(27)	$	167(c)

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At NextEra Energy, approximately $1,153 million ($1,042 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.

(c) See Note 2 for a reconciliation of net derivatives to NextEra Energy's and FPL's condensed consolidated balance sheets.

	December 31, 2010				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting(a)	Total
			(millions)		
Assets:					
Cash equivalents:					
NextEra Energy - equity securities	$ -	$ 122	$ -	$ -	$ 122
FPL - equity securities					